

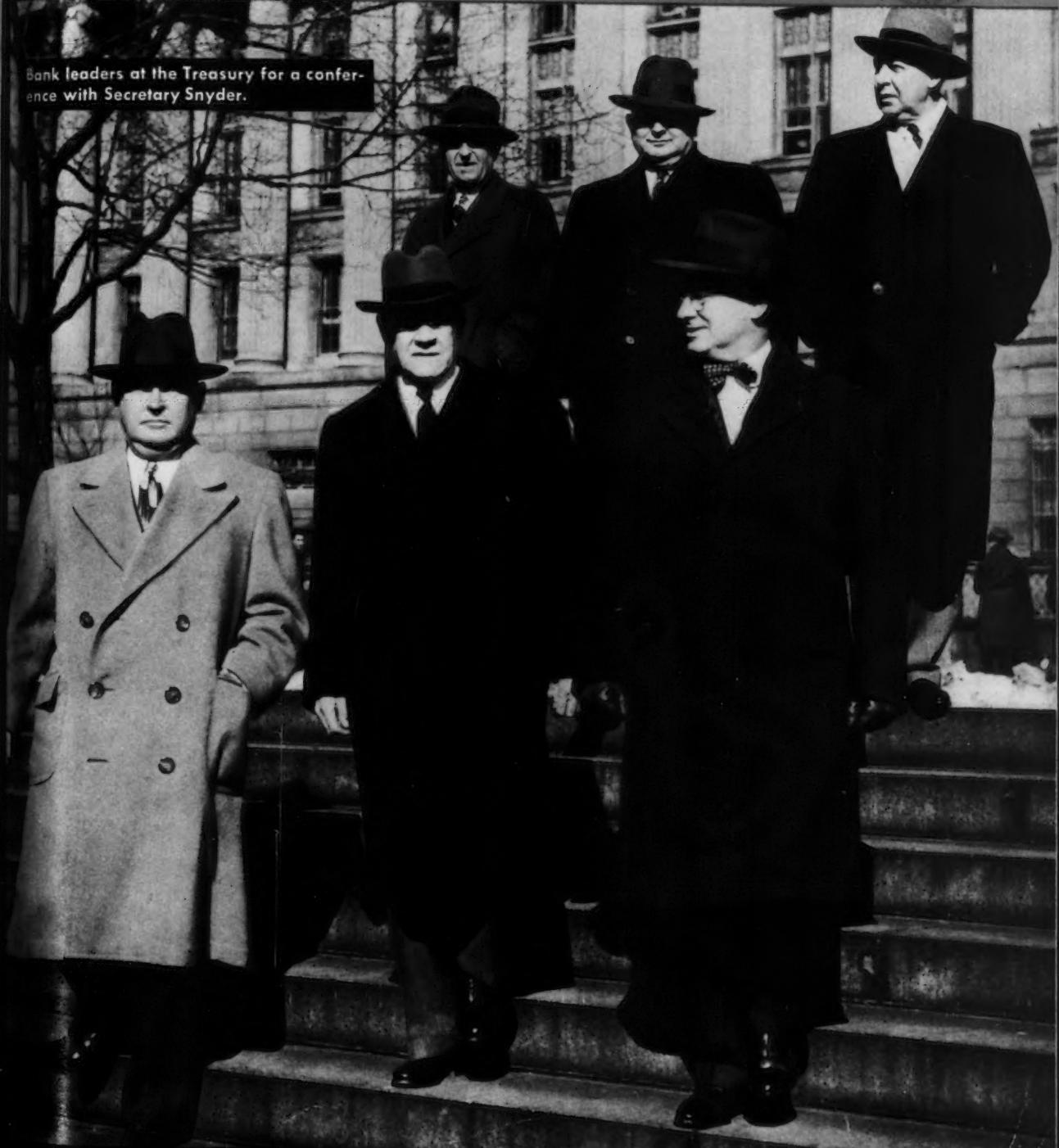
The Business Failure Record and Outlook (Page 33)

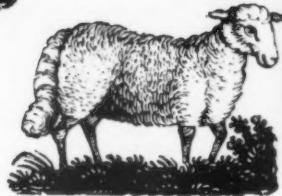
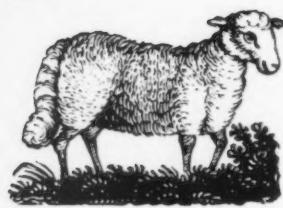
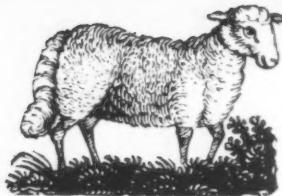
BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

MARCH 1949

Bank leaders at the Treasury for a conference with Secretary Snyder.





Here's how progressive bankers everywhere are avoiding commercial loans of the undesirable "black sheep" variety.

They make it a point, as soon as bank credit is applied for, to recommend secured loans, such as those based on Douglas-Guardian field warehouse receipts, to customers in every financial bracket and every credit category.

Douglas-Guardian has just published a new, interesting booklet "Our Story Has Three Sides" which explains to your prospective loan customers the many advantages of borrowing on inventory. It will help build sound, profitable loan volume for your bank. Write our nearest office for copies.

When you make the loans, we'll make them safe!

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CLEVELAND 14, Ohio, Union Commerce Bldg.
DALLAS 1, Texas, Tower Petroleum Bldg.
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BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION



Early in February the Committee on Government Borrowing of the American Bankers Association and other banking leaders met with the Secretary of the Treasury and his associates to discuss questions relating to the management of the public debt. This picture shows several of the group at the Treasury for one of the meetings. Front row, left to right, are A.B.A. Past President Fleming, chairman of the Committee on Government Borrowing, of Washington, D. C., Past President Hemingway of St. Louis, and President Woollen of Indianapolis. Left to right in the back row are Past President Hanes of Winston-Salem, N. C., Vice-president Peterson of Paterson, N. J., and Executive Manager Stonier.

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ARE SURE TO
WELCOME

Banks score on two points
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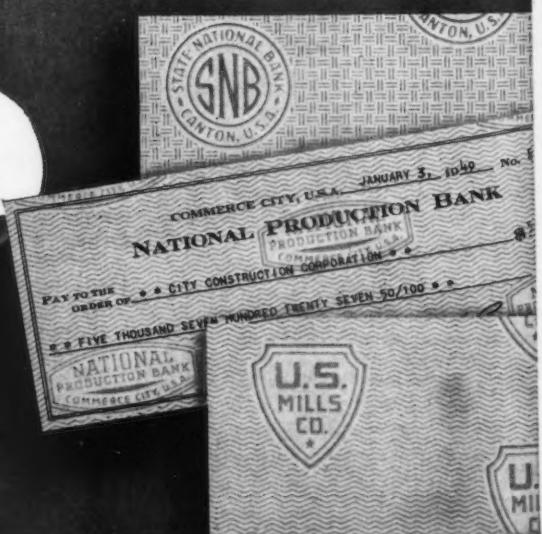
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SAFETY PAPER FOR CHECKS

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A Check Paper All Your Own.

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just a minute

March

HERE are a few of the highlights in this issue of BANKING:

A discussion of the unit and dual systems of bookkeeping in banks that handle interest accounts. Each system is expertly described by a banker whose institution uses it. (Pages 36, 37.)

An article by Roy A. FOULKE of Dun & Bradstreet on the recent business failures record and its relationship to the general outlook. You may find some surprises in "The Return of Competition" (page 33).

An expository article on training employees for specific jobs. (Page 49.)

A review of some of the 1948 bank pamphlet reports, especially the special reports issued for employees. (Page 44.)

The DICK ERICSON cartoon feature, "Mr. and Mrs. E. Z. Terms." (Pages 40 and 41.)

A summary of the recent Chicago meeting of the A.B.A. Consumer Credit Committee, by A. A. FRIEDRICH (page 59).

A report, in "Heard Along Main Street," on bank staff promotions which are always so numerous early in a new

"Pardon me a minute . . . there, that's got it. National 'Save Your Vision Week,' you know"



year that we never have space for all, much as we'd like to print 'em.

A resume of the recent A.B.A. Midwinter Trust Conference in New York, with pictures.

Power of the Press?

LAST month this department passed along a suggestion by a *Wall Street Journal* reporter that "National Leave Us Alone Week" might be the only one of the 270 special event weeks you'd want to celebrate.

After reading the item PHIL DAHLBERG, of *Publishers Digest, Inc.*, wrote to say that the U. S. Department of Commercial Inquiry Reference Service, in its listing of these many occasions, indicates April 1-8 as the interval that is to honor privacy.

Wall Street Olive Branch

IT was news in the metropolis when officials of the New York Stock, Curb, and Cotton Exchanges accepted labor's invitation to a "good will" luncheon at a big hotel to discuss with leaders of the AFL and its affiliate, the United Financial Employees, negotiations aimed at "harmonious relations" in the world's financial capital.

Labor contracts with the Stock and Cotton exchanges expire April 30 next; the Curb Exchange agreement has another year to run.

Commenting on the luncheon, scheduled for February 28, M. DAVID O'KEEFE, president of UFE, expressed a belief that "mature understanding" should be able to settle difficulties around the conference tables.

Disclaimer

JUST off the oval reception room in the Federal Reserve building, Washington, under the watchful eyes of a uniformed guard, is a cloakroom containing a coat rack. A brass plaque informs visiting Reserve bank dignitaries and such others as may be concerned:

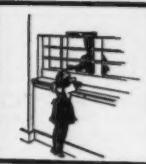
"The management cannot be responsible for articles left here."

250,000 Jeeps

THE man's card said he was public relations director of Willys-Overland Motors, Inc., Toledo. His smile said he was pleasant, and his approach to the job at hand indicated his tact.

"On Page 45 of your December 1948 issue," he began, "is a drawing which . . . well, let's take a look at it."

There, amid the cartoon feature "Pit-



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FRIENDS**
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SCHOOL SAVINGS under our expert guidance makes young people and their families feel at home in your bank.

A COMPLETE PROGRAM FOR BANKS AND SCHOOLS

SIMPLIFIED PLAN LOW COST OPERATION

Consultation costs you nothing—Will save you much. Our program is designed to meet your local situation.

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"I'm the co-owner—me and the First National!"

falls of Instalment Credit," was Dick Ericson's version of an auto dealer's sales floor. In the background, rather indistinctly, were many motor vehicles. They looked like jeeps. In the foreground, very distinctly, were two green and readily identifiable jeeps. Beside them stood a somewhat disconsolate salesman. The caption read: "Dealer's inventory problems: Unbalanced inventory—or, as the artist says it, 50 jeeps and one limousine—is poor collateral on floor plan loans to dealers."

The public relations man from Willys-Overland (which has turned out 250,000 jeeps since the war) said:

"The point is that several of our dealers—in Chicago and St. Louis, among other places—tell us their bankers have called attention to this picture, in a kidding sort of way, no doubt. Anyway, the dealers are rather sensitive. They say that in the first place no dealer would have so many jeeps on his floor at one time (they sell too fast), and in the second place, a jeep inventory isn't poor collateral.

"Now if you wouldn't mind telling your readers this . . ."

So we do, with a bow jeepwards.

Thank You!

OUR good friend, *The Hoosier Banker*, paid us a gracious compliment in a recent issue.

"New ideas will make you a better banker and your institution a better bank," it said. "And there are new ideas in every issue of BANKING."

The *Banker* listed 41 Indiana banks that have entered subscriptions to this magazine for officers and directors.

(CONTINUED ON PAGE 6)

Really a WONDER Chair

**Yes, Mr. Employer,
No. X133½RL is a FATIGUE SAVER
and a MONEY SAVER, too**

This new Sikes "Customized" clerical posture chair adds productive hours because it promotes all-day working comfort as only a Sikes chair can. It has the patented Sikes "Fixed Floating" seat and body-conforming Kradl-tilt back. Finished to match any desk; finest wood construction. At over 500 dealers. Send for circular.

Sikes "Customized" chairs are made for executives, too. Styled for the finest offices.



The SIKES COMPANY, Inc.

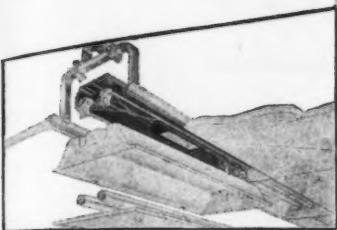
24 Churchill St., Buffalo 7, N. Y.

For Over 85 Years

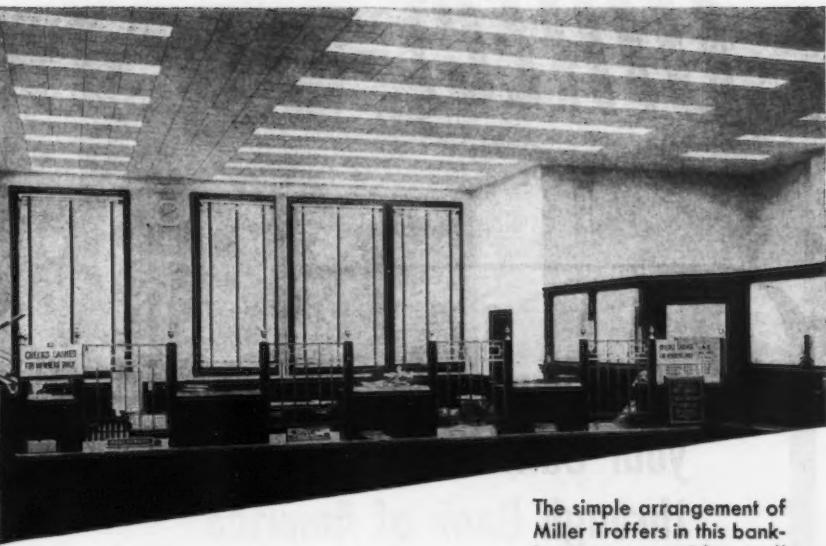
Builders of Fine Seating for Every Executive, Clerical and General Office Use

Important reasons for specifying miller troffer lighting for modern banks

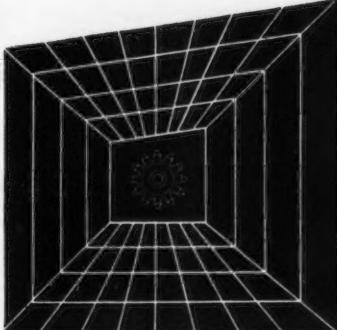
2



The patented Miller Ceiling Furring Hanger simplifies installation — makes it possible to arrange Troffers to form ceiling patterns as desired — CEILINGS UNLIMITED*. Channels are Bonderized for rust resistance.



The simple arrangement of Miller Troffers in this banking area provides well diffused illumination.



MILLER Troffer installations result in a finished lighting and ceiling job, adequate in illumination, architecturally pleasing, structurally sound and economically produced. Their versatility of application increases the functional value of lighting.

MILLER LIGHTING SERVICE IS ALL-INCLUSIVE covering needs of planned commercial and industrial lighting. Miller field engineers and distributors, conveniently located, are at your call.

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ILLUMINATING DIVISION, MERIDEN, CONNECTICUT

ILLUMINATING DIVISION: Fluorescent, Incandescent, Mercury Lighting Equipment. HEATING PRODUCTS DIVISION: Domestic Oil Burners and Liquid Fuel Devices. ROLLING MILL DIVISION: Phosphor Bronze and Brass in Sheets, Strips and Rolls.

*Reg. Trademark U. S. Pat. Off.

JUST A MINUTE — Continued

To this mild toot of our own horn might be added a note from The Yardville (New Jersey) National Bank which said it had obtained some of the ideas for its new building from the "before and after" pictures published in BANKING.

Opportunities

SPEAKING to the New England group of Graduate School of Banking men, MAYO A. SHATTUCK, Boston attorney and member of the School's faculty, urged that bankers broaden their interests and activities and that they make their weight felt as leaders in legislative reform and in the improvement of banking.

He pointed out that there were opportunities for service in the work of bankers associations and he advocated that bankers "study in some field of activity in your profession."

"Speak about it; write about it; teach, if you have the opportunity, the courses of the American Institute of Banking," said Mr. SHATTUCK.

"All this, a fascinating and endless field, is open to you if you will but bestir yourselves—and, I think, at no risk to your bank, its depositors, officers, directors, or stockholders. Don't be too modest. Even if you were not a ranking scholar in high school or in college you will find when you attain my age that so many brighter ones have

(CONTINUED ON PAGE 11)

"What was that between 'Gentlemen' and
'Very truly yours'?"



...when you route your California items through Bank of America

With Bank of America as your California correspondent, items for Stockton or Eureka are sent by you direct to this bank's branches in those cities. So, too, with items to any of more than 300 California communities where this bank has branches. One account with either the Los Angeles or San Francisco office of Bank of America makes this California-wide *direct* timesaving service available.

Bank of America NATIONAL TRUST AND SAVINGS ASSOCIATION

California's Statewide Bank

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION
MEMBER FEDERAL RESERVE SYSTEM

Bank of America Travelers Cheques are known
the world over. Sell them to your customer.





What price would you have to pay for "business as usual?"

Think of the steps you'd have to take to stay open for business, in case of emergency. And what it would cost you!

A fire, explosion, windstorm, riot, or falling airplane could close your regular offices . . . and force you to set up in temporary quarters, hire more people, pay overtime, take on extra costs of mailing and transportation and rental of equipment. Such abnormal expenses would increase the cost of carrying on!

Insurance on your building or contents pays for damage to the property—EXTRA EXPENSE insurance pays the necessary extra cost of maintaining

operations after business property is damaged by any hazard insured against in the policy. It was designed specially for banks and other *businesses which must stay open regardless of trouble and expense*. Your EXTRA EXPENSE insurance should protect you against the same perils as your property damage insurance.

To help you find out how much of this insurance you need, the Hartford offers an EXTRA EXPENSE INSURANCE WORK SHEET. Mail the coupon below for a free copy. Then fill it out and consult your local Hartford agent or insurance broker.



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proudly announces
a blessed event*



**It's new! The
GRAY MAGIC ROYAL**

Just feast—and *rest*—your eyes on the newest and greatest of all office typewriters. Never has there been such a typewriter as the new GRAY MAGIC Royal!

All glare and glint are banished by that soft, gray tone. From stem to stern, it's the picture of comfort.

Let your fingers *feel* that comfort, too—on

the new, revolutionary keyboard. Feel how each key is shaped to the contour of the fingers, how it cradles the finger tips. Feel how natural, how right!

But just go down the line of new, improved features. See how the new GRAY MAGIC Royal betters the best—how Royal succeeds Royal as the World's No. 1 Typewriter!

New Color! New Look! New Touch! NEW FEATURES!



Finger-Flow Keys. Designed to cradle the finger tips, the Finger-Flow Keyboard gives greater clearance between rows of keys. And the touch that has made Royal the 2 1/4 to 1 favorite among typists is even lighter, faster—now, more than ever, the operator's dream touch!



Removable Cylinder—another bit of Gray Magic—another new Royal improvement. Single-handed, with the thumb and finger of the right hand, you can lift out the cylinder to clean or change. A simple press and lift—and it's out. No tool kits! No mechanics!



Clean Change Ribbon—This new Royal exclusive permits swift, clean ribbon changing. The specially designed spool lets you slip the ribbon loop on without even removing the empty spool from its hub. No fuss—no more inky fingers—with this great new Royal feature.



"Magic" Margin—Most magic Royal feature of all, "Magic" Margin sets the margin where it's wanted, at the flick of the finger. Just position the carriage, flick the lever and it's all set. No reaching from carriage to keyboard and back—no fumbling with margin stops.

There are other new features, too—plus tried and true Royal exclusives. Call a Royal representative *today!* Meet the magic of the new easy-writing Royal in your own office. See how it means happier typists . . . better, faster work.

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Made By The World's Largest Manufacturer Of Typewriters

"Magic" is a registered trade-mark of the Royal Typewriter Company, Inc.



Architect: Melvin Warner, Berea, Ohio

Insulation Required . . . Thermopane Specified . . . **BETTER INVESTMENT ASSURED**

The large Picture Windows homeowners want require insulation. The modern, efficient way to provide it is with *Thermopane**.

This double-glass windowpane builds in year-round insulation . . . no storm sash are needed. In winter, *Thermopane* cuts heat loss, reduces down-drafts, saves fuel. In summer, it adds comfort . . .

helps protect rooms from outdoor heat.

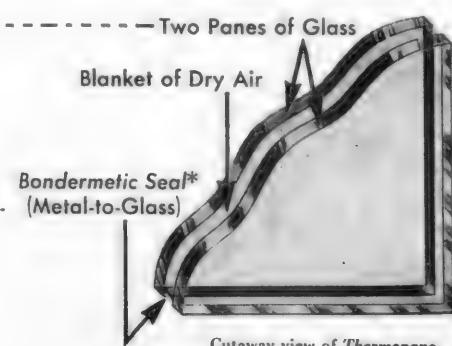
Thermopane is available in over 70 standard sizes as well as made-to-measure units. Used for fixed Picture Windows or regulation opening types, its insulating efficiency assures maintenance economy . . . makes homes better investments. For more information, write for our *Thermopane* book.



Thermopane

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739 Nicholas Building, Toledo 3, Ohio



Cutaway view of *Thermopane*

JUST A MINUTE — Continued

fallen by the wayside, either by accident or by default, that if you keep your mind exercised in any moderate degree, you have attained comparative eminence as a scholar."

There is also, continued the attorney, "a marvellous opportunity to do real good by joining service and civic organizations of many kinds" which are "discreet in their political activities but which do no end of good in public projects of all sorts." Sponsors of "new and reckless legislation," he said, "are invariably supported by pressure groups." Public-spirited organizations are the ones that "speak fearlessly in opposition."

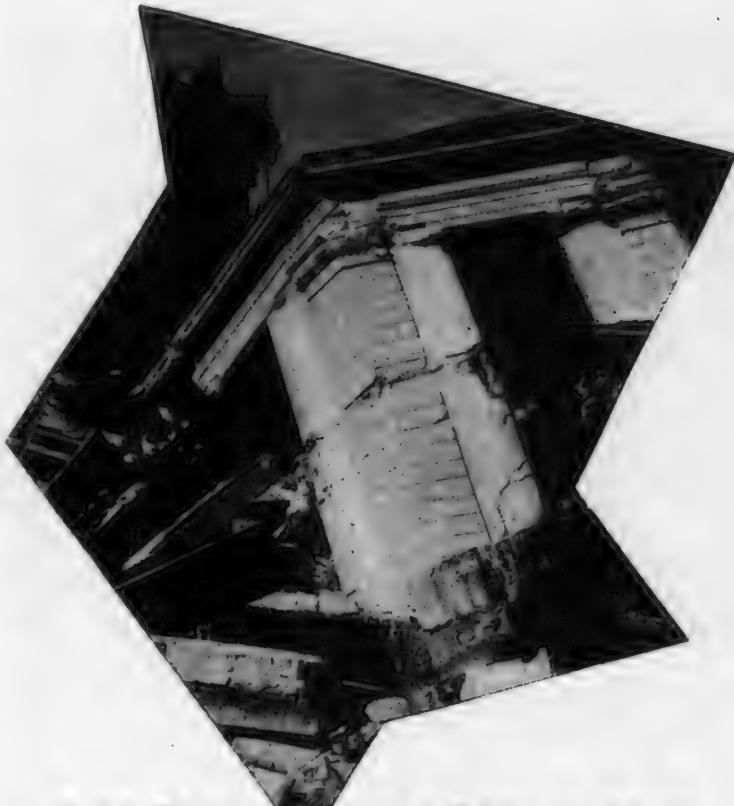
"In New England," Mr. SHATTUCK continued, "our people are prone to do their business themselves, in meeting assembled. They do not habitually elect some person and then leave everything to him. They expect their fellow citizens to serve, without compensation, on finance committees, planning boards, school committees, and all manner of service groups. Here in the New England town it is plainly the duty of every banker to do his intelligent and enthusiastic share of that work.

"For my own part I am less sure about the assumption of executive office, for it is very difficult in a time sense to be an effective executive in too many fields. But I am certain that the banker should bestir himself to see that the right sort of people are elected to that sort of office. That means politics. And for any right-minded banker it means, of course, clean politics."

"The man asked if I took advantage of the split income provision. You see, under the law you're compelled to split my salary with me"



March 1949



takes only one

A devastating earthquake usually strikes without warning. Result: huge property losses...widespread chaos.

Embezzlements also hit without advance notice. And only one such loss may be sufficient to topple a going business.

Moral for bankers: before granting loans to commercial or industrial enterprises, always make sure that they are adequately protected against the ever-present risk of employee dishonesty.

The F&D representative in your community will gladly assist you in reviewing the dishonesty insurance carried by present or prospective borrowers. This added precaution is available at no extra cost to your bank and without placing you under any obligations.



WITH WHICH IS AFFILIATED THE AMERICAN BONDING COMPANY OF BALTIMORE

Your Customers' Insurance Programs

designed to Protect
and Conserve Assets

**Are Not
Complete**

unless they
include



BUSINESSMEN who protect their assets with fire, burglary, fidelity and other insurance should complete their program of protection by insuring their Accounts Receivable.

Protecting this valuable asset against dangerous credit losses is important at all times . . . but even more important now . . . with the slowing down in customer payments.

An increasing number of banks are advising their customers to carry American Credit Insurance which GUARANTEES PAYMENT OF ACCOUNTS RECEIVABLE . . . some insist on this added protection before granting commercial loans. *The bank may now be included as a named assured without charge.*

For information about American Credit Insurance, phone our office in your city or write American Credit Indemnity Company of New York, Dept. 45, First National Bank Building, Baltimore 2, Md.

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UNITED STATES AND CANADA

J. F. McFadden
PRESIDENT

**AMERICAN CREDIT
INSURANCE**

GUARANTEES PAYMENT OF ACCOUNTS RECEIVABLE



"I now declare the meeting of the board of directors of the Gotham Baseball Club regularly convened"

"East Side, West Side"

ACTUALLY, only the East Side, for that's the section of New York in which a reporter for the *Herald Tribune* found a large savings bank conducting an activity that provided a Sunday feature.

"Something new in community relations," he said, "is passing the experimental stages on the East Side of New York where Bowery Savings Bank is holding bi-weekly youth forums, with cooperation of the Board of Education. Out of these meetings, in which children from Public Schools 130, 12, and 116 are participating, has grown the establishment of a junior advisory council. So far about 100 youngsters, both boys and girls, have taken part in these activities.

"Once a week the after-school teenage group turns into a seminar of savings banking. The children are told what happens to their school savings when they are deposited. They are made familiar with the various forms of investment.

"A junior board of trustees also debates from time to time how, in their opinion, new money received from depositors should be invested, but all sessions are not dry and statistical. The bank serves ice cream and cookies, and there are movies and folk dances."

The program takes place at the bank's office at the Bowery and Grand Street, heart of the East Side, which, said the reporter, "is as much of a community of its own as is possible in a city like New York."

The bank hopes not only to make friends with the children and their parents, but to learn what the neighborhood's problems are and how they can be solved.



A Monument to Finer Living...



Glenn McCarthy
... oil wildcatter, sportsman, airmen . . . head of 16 corporations and organizations, member of 14 more . . . oilman builder of McCarthy Center (1100-room hotel, 1200-car garage, 1750-seat theater, swimming pool, exhibition hall).

In the priceless book of man's memory there shines in illuminated lettering the magic word, "Hospitality." As a city of importance, Houston ranks peak-high on the scale . . . as a city of hospitality, Houston reigns among the nation's friendliest.

And now may we present The Shamrock . . . hotel spectacular . . . symbol of hospitality in one of America's most hospitable cities. From its very beginning this was no ordinary hotel, for wound inextricably in the substances of its creation are the ambitious materials of a young man's dream.

Yes, native Texan Glenn McCarthy fulfilled a dream for Houston, built for Houston a magnificent structure of stone and steel as a small measure of esteem for the bounties the city . . . and the state . . . had tendered him through hard years of striving.

And so you see The Shamrock, Glenn McCarthy's contribution to Houston and to finer living . . . rising tall above Lone Star plains as a great monument to warm hospitality.

The eyes of Texas and of the entire nation are on Houston's . . . The Shamrock.

GRAND OPENING • ST. PATRICK'S DAY • MARCH 17, 1949

*In Houston, you are cordially
invited to live at*

The Shamrock

A GLENN McCARTHY ENTERPRISE

COMPLETE CONVENTION FACILITIES AVAILABLE—TELETYPE No. HO 192

**OVER \$725,000
CHECKS IN A MONTH...**

That's the number of checks we handled in our central Transit Department in a single recent month...December, 1948. Their value: *more than 1½ billion dollars.*

Why this preference for Security-First National?

The mechanical excellence of our service, for one thing—our nationwide correspondent bank relations, for another...24-hour transit and clearing service...air mail and air express handling.

We're able to serve, yes—but more than that, we're ready and willing to do so. If a banking connection in Central and Southern California would be of value to your bank, we invite you to open your account with us.

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Chairman Board of Directors

JAMES E. SHELTON
President

L. W. CRAIG
Vice President

CHESTER A. RUDE
Chairman Executive Committee

C. T. WIENKE
Vice President

Resources over 1½ billions

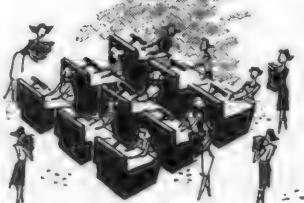
SECURITY-FIRST NATIONAL BANK

OF LOS ANGELES

FOUNDED 1875

127 Offices and Branches

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION
MEMBER FEDERAL RESERVE SYSTEM



J. M. Dodge in Tokyo

JOSEPH M. DODGE, president of The Detroit Bank and former president of the American Bankers Association, is in the public service again.

This time Mr. Dodge is chief financial and economic adviser to General MacArthur in Tokyo. Flying to Japan late in January with Secretary of the Army Royall and an official party, the banker, whose assignment carries the rank of Minister, is expected to be in the East for an indefinite period.

A New York *Times* dispatch said it had been originally stated that Mr. Dodge would be in Tokyo for three months to "study the economic situation resulting from the Army Department's directive to General MacArthur to push Japan's industrial rehabilitation." Secretary Royall was quoted as saying that the general "had been pressing the Department to obtain for him the best possible adviser available."

Mr. Dodge's previous service on behalf of the United States included his presence at the London meeting of the Council on Foreign Ministers as deputy to Secretary of State Marshall for Austrian affairs late in 1947. Earlier that year, with the rank of Minister, he headed the United States delegation at the Vienna conference of the Commission for the Examination of Disagreed Questions of the Austrian Peace Treaty.

From August 1945 to July 1946 he was financial adviser to the United States Military Governor in Berlin, and also director of the OMG's finance division in the German capital.

Marriage is the one business that always has one silent partner.

When every part of your car makes a noise except the horn, it's time to trade it in.

When you have hot water in the summer and cold water in the winter, you are in a resort hotel.

The person who is in love with himself ought to get a divorce.

If you have the right to complain when there is nothing to complain about, you are living in a democracy.



**TO MEMBERS OF THE
BANKING PROFESSION:**

We thought you might like to see this ad addressed to 4-H Club members. We are proud to help back the 4-H Club program in your community—to share honors with you in promoting the future security and welfare of American Agriculture.

The IH dealer in your neighborhood will welcome your cooperation in furthering the 4-H Field Crops and Frozen Foods projects. Why not talk to him about them soon?

YOU ALWAYS GAIN...

When you take part in the 4-H Field Crops program, you learn about the latest approved methods to produce crops, you learn about machinery to do the work. You gain a knowledge of how to keep records of your income and expenses. You get acquainted

with present and future agricultural leaders. To top it off, you earn the right to have your achievements considered for county, state and national recognition; International Harvester granted over 1,200 such achievement awards in 1948.

ASK ABOUT THE 1949 PROGRAM... IH again a donor of 4-H awards

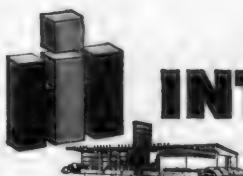
Enroll now in the 1949 Field Crops program. Work for the 1949 awards. You'll enjoy it, and at the same time you'll learn things that money can't buy. Here are the awards:

COUNTY—gold medal.

STATE—all-expense trip to National 4-H Club Congress in Chicago.

NATIONAL—four \$300 Fowler McCormick Scholarships, good at any accredited state agricultural college.

Ask your county extension agent, home demonstration agent, or IH dealer for further information about these awards.



INTERNATIONAL HARVESTER

This modern building symbolizes the expanded service facilities of IH dealers throughout America.

180 NORTH MICHIGAN AVENUE • CHICAGO 1, ILLINOIS
LISTEN TO JAMES MELTON ON "HARVEST OF STARS" EVERY WEDNESDAY EVENING ON CBS.



This paper and card stock, 50% new cotton fiber, has built-in toughness, and will take a terrific beating, withstanding hundreds of handlings.

Parsons Mechanic Form was built to the specifications of the leading machine, ribbon and ink manufacturers. You'll get legible, clean-cut entries, that stay legible. **Mechanic Form** has the no-glare surface that means fewer errors in reading and writing the entries. So it's fine for hand posting, too. Available in eight weights and seven colors. Matching colors in paper and cards mean you can use each color to indicate a type of account or record, saving time and assuring accuracy. Entries can be erased easily, by rubber, scratcher or chemicals, leaving the same color of smooth, hard surface.

"How to Make Your Records Legible and Lasting"

This is the title of a free booklet that gives the answers on paper for accounting and record-keeping purposes. It tells what types of paper or card to use for various applications and gives valuable hints on saving time, effort and paper.

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PARSONS PAPER COMPANY
DEPARTMENT 32
HOLYOKE, MASSACHUSETTS

Please send me, free, without cost or obligation, your booklet "How to Make Your Records Legible and Lasting".

Name _____ (PLEASE PRINT)

Organization or Company _____

Street _____

City or Town _____ State _____



SOMETIMES we have wondered to ourselves how our customer, Mr. Grum, has succeeded in making so much money, but now we are beginning to understand. The other day he appeared in the bank with two Government bonds of large denomination and asked us to send them away for sale at the market. He said he had an opportunity to invest the money where he would receive a higher rate of interest.

After an officer had received the securities and had dictated a letter instructing that the bonds be sold, Mr. Grum suggested that the money for his new investment would be needed immediately, and asked if it would be all right to issue his check that day.

"It will overdraw your account quite a bit," said the officer.

"Well, of course I wouldn't want that to happen," said Mr. Grum, "but I thought you could arrange to handle it for me, since you know the money is coming in all right, without letting my account go overdrawn."

"Well, of course, we could lend you the money for the new investment," said the officer.

"Oh, you wouldn't want to go to all that trouble and expense for just a few days," said bighearted Mr. Grum. "Can't you just sort of hold the whole thing open until the money gets here from the bonds, and then put both the deals through your books at the same time?"

Mr. Grum is—or attempts to be—

somewhat of a law unto himself when it comes to banking. Some time ago he had a rather large loan at our bank, secured by his note endorsed by several leading citizens. When the note came due, Mr. Grum came in to see about a renewal. He was perfectly willing to give a new note, but he said it would be "very embarrassing" to him to ask his endorsers to sign the renewal note.

"Just let the note ride along without the endorsements this time," he said, nonchalantly. "You can hold the original note, and you know and the endorsers know that the new one is *supposed* to be endorsed. I don't like to ask those folks to sign for me again."

You could see the word "Shylock" forming in his mind when the bank officer failed to agree to this method of handling.

Another time when Mr. Grum "had a hen on" in the way of one of his big deals, he made a rather unusual proposition to our president. Over in Palmville, a nearby town, was a large business, on the equipment of which our bank held a mortgage of around \$20,000. In our own town was a similar enterprise in which Mr. Grum was financially interested. He conceived the idea of merging the two establishments. His proposal to the president was that our bank satisfy the mortgage it held to the owners of the Palmtown business, and the two firms would then be merged. After the mortgage had been satisfied and the merger accomplished, our bank could then, he said, collect its money from the erstwhile proprietors of the out-of-town concern. He would not consent to having the bank hold a mortgage on any business with which he was connected, and he would not go on with the merger unless the mortgage was satisfied. He felt it was up to the bank to see that the way was made clear for him to make his deal.

That hen's eggs simply wouldn't hatch, and the merger has never been accomplished. — BELLE S. HAMILTON



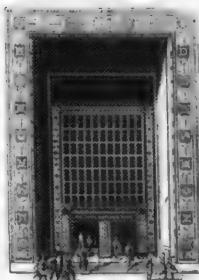


Abroad, as at Home, The Chase can Serve You!

Wherever foreign trade requires modern banking services, you'll find the Chase prepared to help—not only through our world network of branches and correspondent banks but also with our intimate knowledge of the problems involved.

At home, the Chase for many years has been a leading supplier of bank credits for textiles, foodstuffs, machinery, transportation equipment, oil and many other products and commodities.

In financing foreign trade, we supply helpful data on exchange and trade regulations and market and credit conditions. Our Foreign Department can act for you in carrying out each step of your transaction, from initial fact-finding to the final collection or remittance of funds.



*Banks can broaden
their service to customers
by using Chase facilities*

**THE CHASE NATIONAL BANK
OF THE CITY OF NEW YORK**

HEAD OFFICE: Pine Street corner of Nassau

Member Federal Deposit Insurance Corporation

Canada Adjusts Her U. S. Trade Balance

Total Trade Reaches Record Value of \$3 $\frac{1}{4}$ -Billion

CANADA'S exports to the United States crossed the \$1 $\frac{1}{2}$ -billion mark and were slightly above the value projected in the preceding issue of this publication. These exports were just about half of all Canadian exports, as compared with a normal ratio of less than 40 percent. They were nearly \$500-million more than the value of shipments to the United States in 1947, with substantial increases in all major classifications, particularly newsprint, wood-pulp and lumber, all of which combined were valued at over \$700-million. Foodstuffs which the United States bought from Canada last year amounted to more than \$300-million. About the same amount was spent by American buyers of Canadian minerals. While higher prices accounted for some of the big dollar increase in total exports to the United States, a good proportion was represented by greater physical volume, that is, shipments in larger quantities.

Imports Under 1947

Canadian imports from the United States were in the neighborhood of \$1,800-million, somewhat higher than was expected, but about \$150-million less than those in 1947.

It is apparent from these figures that Canada went far last year in readjusting her unbalanced merchandise trade position with the United States, first by directing a much larger proportion of her exports to her southern neighbor; and, next, by cutting down on non-essential imports of American products, although it should also be noted that import restrictions were eased considerably during 1948 so as to provide the Canadian public with ample supplies of American fruits and vegetables, as well as of industrial materials, particularly coal, petroleum and machinery. The total trade (exports and imports combined) reached a record value of over \$3 $\frac{1}{4}$ -billion.

The net result of merchandise trade in both directions across the border, together with exports of Canadian gold to the United States, amounting to about \$100-million, and a loan of \$150-million from some American in-



CANADIAN INFORMATION SERVICE

A lake freighter passing through the Canal Soulangé, opposite the famous Long Sault Rapids. The rapids will disappear when the St. Lawrence hydroelectric project is completed

surance companies to the Dominion Government, was to increase the official holdings of American dollars to over \$990-million, as compared with less than \$500-million at the close of 1947.

The opening of the Dominion Parliament late in January was accompanied by the Speech from the Throne, the customary address delivered by the Governor-General which, like the American President's State of the Union message, outlines the government's legislative intentions. Prominent in this message to the members of Parliament was the Dominion Government's proposal to implement Canada's commitments for the North Atlantic Security Pact and therefore definitely to align this country with the United States, Britain and some Western European nations in a military alliance. Parliament will also be asked to approve, subject to agreement with United States authorities, the development of navigation and power on the Great Lakes-St. Lawrence River basin. An agreement signed with Newfoundland in December to take that island into the Canadian Confederation also formed part of the government's agenda.

It is intended, too, that Canada will engage in further negotiations with 13 other countries to broaden the scope of

the tariff concessions obtained at Geneva in 1947, and to participate in formulating the International Trade Organization with a view to lowering of tariffs and other trade barriers, and a consequent expansion of multilateral trade. Foreign exchange control, which has been in effect since September 1939, is to continue in force, although probably with certain amendments, in the light of changed conditions. The message also contained a promise to remove further restrictions upon imports as the American dollar position improves. The government proposes, also, to ask for legislation providing for loans to the steel industry on a 50-50 basis, with a view to increasing the domestic capacity of this material. In other words, the government proposes to match any new capital investment in steel production by private interests.

Steel Hits Peak

Steel production by Canadian mills in 1948 rose to an all-time peak of about 3,200,000 tons, but this was short of the requirements for all domestic purposes. About one-quarter of the total requirements had to be imported, mainly from the United States. Some of the Canadian steel interests are not enthusiastic

(CONTINUED ON PAGE 20)



**... Yes, the New Savings Ledger Desk-Safes Have
To Be Good To Make a Hit with Employees, with
Depositors, and with Bank Officers**

BANK EMPLOYEES—Employees are delighted with the time and effort saved. They like the easy access and speedy reference to active ledger records—kept in the middle sections of the Savings Ledger Desk-Safes, with signature cards above and non-current cards and records below. This centralized, compact system is really a pleasure to work with. And convenient low height units reduce physical strain to a minimum—a sure way to earn employees' good will.

BANK DEPOSITORS—Depositors are impressed with the modern functional design of the Savings Ledger Desk-Safes. Space-saving features give a neat, orderly look that depositors appreciate. They appreciate, too, the faster service they receive at the window. And the vault-like appearance of the Savings Ledger Desk-Safes gives them added confidence in the bank that guards their irreplaceable records so well.

BANK OFFICERS — The men responsible for the bank's future are satisfied that vital ledger records are secure from damage by fire. They know that the protective qualities of Savings Ledger Desk-Safes are certified, not by one, but by three reliable authorities. The severe exposure label of the Safe-Cabinet Laboratory, the Safe Manufacturers National Association's 4-Hour label, and the Class A label of the Underwriters' Laboratories all certify that this equipment will withstand at least 4 full hours of severe fire exposure.

MONROE COUNTY SAVINGS BANK
INCORPORATED 1850

UPTOWN OFFICE 3 EAST AVENUE
ROCHESTER, N.Y.
MAIN OFFICE
35 STATE ST.

March 1, 1949

Mr. Howard A. Moore
Remington Rand Inc.
355 East Avenue
Rochester 4, New York

Dear Mr. Moore:

We like your new installation at our Uptown Office of Savings Ledger Desk-Safes. They serve our purpose very well. The employees appreciate them for the time saved and the general utility features, compactness, availability of open and closed records and proper height for easy usage. Our customers seem delighted with the attractive looking features of the equipment and many of them have expressed their pleasure.

We shall be glad to show interested bankers the equipment.

Yours sincerely,

Frank E. Damrell
MONROE COUNTY SAVINGS BANK
Secretary

FED-MGN

Increase employee and depositor good will—secure certified record protection from fire. For further details send for the free folder SC 642, which tells all about the new Savings Ledger Desk-Safes. Just fill in the coupon and mail it to Systems Division, Remington Rand Inc., 315 Fourth Avenue, New York 10, N.Y.

Copyright 1949, by Remington Rand Inc.

Remington Rand

THE FIRST NAME IN
BUSINESS SYSTEMS

315 Fourth Ave., New York 10, N.Y.
Yes—send FREE copy of the folder SC 642.

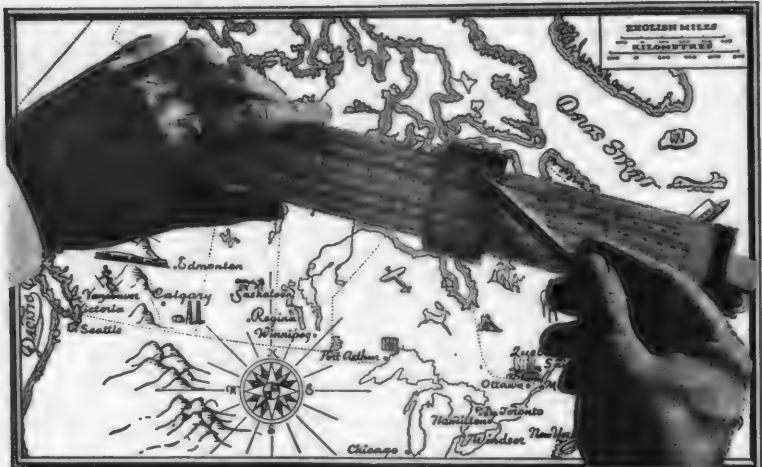
NAME _____

COMPANY _____

ADDRESS _____

CITY _____ ZONE _____ STATE _____

B-3



Let's measure Canada...

YOUR CLIENTS' BIGGEST FOREIGN MARKET

Measure it as you will . . . your clients will find the largest single U. S. customer just across the border . . . in Canada! Consider the figures: Annual imports, \$2½ billion . . . exports, over \$8 billion . . . gross national product, more than \$15 billion . . . wages and salaries, over \$7 billion.

Since 1817 the Bank of Montreal has shared in Canada's growth . . . has grown with it. With more than 500 Canadian branches, the B of M can answer the specific questions that you or your clients may want to ask about tariffs, labor conditions, plant sites or investments . . . about freight rates, taxation, im-

port-export or exchange regulations.

So, if you have clients who are planning expansion, talk Canada with us. All inquiries will receive prompt and reliable responses from any of our offices in the United States or from our Foreign Department in Montreal.

* * *

Your Free Copy is Waiting for You
If any of your clients are planning expansion, you'll want this handy, compact word-picture of the new, energetic, post-war Canada . . . it's yours for the asking. Simply ask for booklet B-51.



..... "MY BANK"
TO 8 MILLION CANADIANS



RESOURCES EXCEED
\$1,900,000,000

Promoting
U. S. - Canadian
Trade
for 130 Years

BANK OF MONTREAL.
Canada's First Bank
In Canada since 1817... In U. S. since 1859

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U. S.	NEW YORK	- - - - -	64 Wall Street
CHICAGO	- - - - -	27 S. La Salle Street	
SAN FRANCISCO	- - - - -	333 California Street	

LONDON City Office - - - - - 47 Threadneedle St., E. C. 2
West End Office - - 9 Waterloo Place, S. W. 1

Over 500 Branches Across Canada

(CONTINUED FROM PAGE 18)
about the government's expansion program, fearing that a business recession would result in redundant plant facilities. It is altogether probable, however, that the government's plan will be implemented, at least in partial form, if only to reinforce its national defense program. This steel expansion project is closely linked with the government's desire to undertake jointly with American authorities the development of navigation and power on the Great Lakes-St. Lawrence River basin.

Iron Ore Development

The readers of this department in BANKING may recall descriptions in previous issues of the high-grade iron ore development in the lower Quebec-Labrador region. With only partial exploration, enough ore, 300-million tons, is now in sight to warrant the great amount of work necessary to uncover these deposits for mining. It is practically assured that a market for 10-million tons of this iron per year will be found in Canada and the United States under present conditions. But it is estimated that double that quantity could in time be extracted if the extra 10-million tons were moved through an improved St. Lawrence waterway to the big steel centers of the United States, mainly Detroit, Cleveland, Buffalo, and even Pittsburgh. Both Canadian officials and private interests concerned in this new and rich iron field are, therefore, closely watching events in the United States, both economic and political, affecting the proposed further development of the waterway and hoping that renewed and more favorable attention by certain American interests will bring this project to a successful conclusion. Moreover, Canada needs the additional hydroelectric energy that is available, and as yet undeveloped, on the upper reaches of the St. Lawrence River. The Dominion Government has, in fact, stated that even if full development, jointly with the United States, of the waterway system is not undertaken it will convert its share, about half of 2-million horsepower, into "white coal" which the two largest industrial provinces, Quebec and Ontario require to maintain and expand their present industrial systems. There is, however, a fairly well organized movement in the first-mentioned province for the establishment of steel mills on the lower St. Lawrence, to provide for the shipment of steel ingots instead of iron ore, with greater employment and industrial development.

Thumbprint Identification

THE thumbprint check endorsement idea is enjoying another reincarnation—only this time it looks as if it may gain sufficient strength to stay around for a long time. It is already a husky, fast-growing youngster.

Crime statistics indicate that nine out of every 10 people who make their living out of bad checks have a criminal history recorded somewhere. At one time or another, the habitual bad-check passer has slipped up, and his fingerprints are of record. That explains why so many merchants and bankers are now insisting that each stranger add a clear thumbprint to his written endorsement.

The number of people who cash checks in this country in a single day runs into astronomical figures. Where so many people are involved, it must be expected that there will be some who are "smart" but not smart enough to be honest.

How may this group be either apprehended or outwitted? Many bankers feel that the thumbprint endorsement will prove the best answer. Some of the banks which are requiring the thumbprint endorsement are very enthusiastic over the way it is working out.

The use of the thumbprint as an addendum to the written endorsement is gaining considerable momentum through a three-way promotion involving: state bankers associations; law enforcement agencies; and a business firm which has been organized expressly to combat bad checks and fraudulent endorsements through the use of thumbprints.

The practice of thumbprinting checks originated several years ago with bank depositors who used it as a protective device and not as a part of the endorsement. Before the days of the mechanical protectors—or at least before they became so common as they are today—many people placed a thumbprint over the amount-in-figures on their checks to safeguard that amount from any tampering.

The idea of requiring the thumbprint with the written endorsement is not strictly new, either. It was recommended strongly as a deterrent to check forgers as far back as 1937 by the Indiana and Michigan Bankers associations and by the state police of those states. In February of that year, the *Protective Bulletin* of the American Bankers Association's Insurance and Protective Department discussed it at some length,

going so far as to recommend the best method for securing clear prints.

The practice, then, has come and gone through the years.

Four Fingers, No Thumb

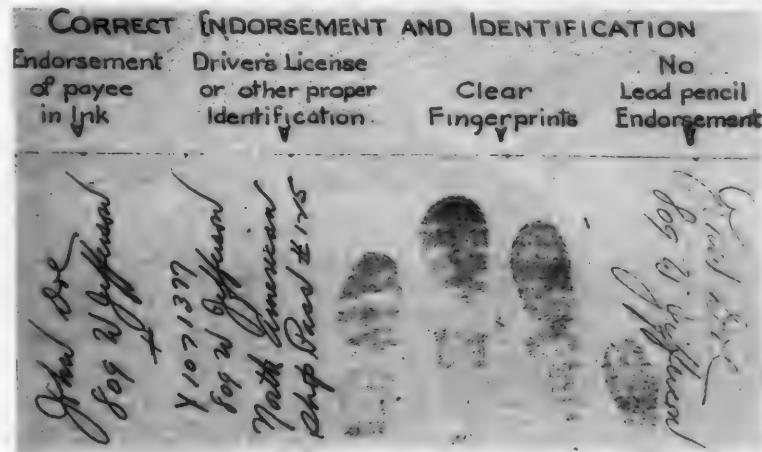
The newest development in this field is being promoted under the aegis of the Los Angeles Police Department, which recommends that four fingers of one hand be printed on the check, the thumbprint to be ignored entirely.

The prints are taken flat, the four fingers pressed down at one time. This gets around the rolling of each finger to produce a proper print, and reduces

Minnesota Acts

The Minnesota Bankers Association, under the guidance of its secretary, Robert E. Pye, has been actively pushing the thumbprint endorsement plan for some months. It circularized its banks, obtained the cooperation of other state trade associations, and has given impetus to its action through press and radio publicity.

The banks of the state received envelope stuffers to send out to their customers, offering to supply free a small card announcing the thumbprint requirement and advising that the card



The Los Angeles Department illustrates its idea for proper endorsement, identification, and fingerprinting on a check

the chances of smudging the prints purposely.

Photograph-and-fact sheets, showing what should be done, have been distributed to banks and merchants, together with a small sign for cash register display. A similar sign, size 15 x 22, is displayed in a conspicuous place in the store. It reads:

We Reserve the Right to Require
POSITIVE IDENTIFICATION
and
FINGERPRINTS
On All Checks Cashed

The Los Angeles Detective Bureau says that "as the fingerprint pads that are used leave no stains on the fingers, in most cases the people presenting the checks have no objections to having their fingerprints taken."

The Bureau has presented its plan to the California Bankers Association and has answered inquiries from many other cities and states.

be prominently placed "on your cash register or check-out stand."

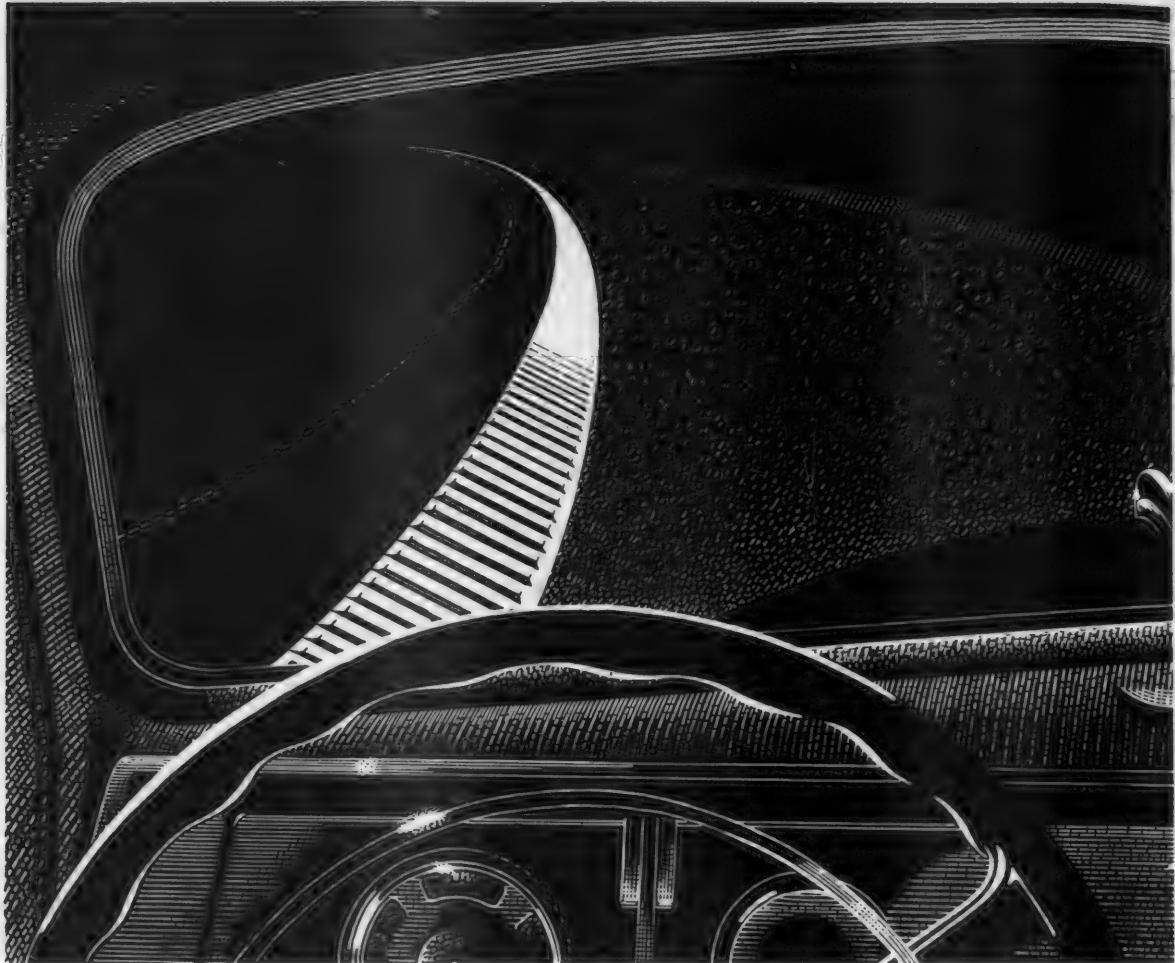
The mailing piece explains that "It's not necessary that you be able to read fingerprints or, for that matter, have any special knowledge of fingerprinting to make this plan work. The very fact that you require the thumbprint will head off most forgers. However, if a crook should cash such a check with his thumbprint on it, it would be a relatively easy job for the Minnesota Bureau of Criminal Apprehension, sheriffs, or police officers to run him down.

"WON'T YOU JOIN US IN ELIMINATING CHECK FORGERS FROM MINNESOTA . . ."

Results Reported

The response to the plan has been "tremendous," the association says. Approximately 500 Minnesota banks have now adopted the plan, and they in turn have urged their merchant customers to take similar action. The Min-

(CONTINUED ON PAGE 23)



How night driving is being made **SAFER**

- A light-reflecting concrete curb, pioneered by Universal Atlas Cement Company—a member of the United States Steel family—is helping to make night driving safer.

Made of corrugated white cement which reflects headlight rays back to the driver and illuminates the edges of the pavement with a continuous, warning ribbon of light, this boon to

night drivers is currently being used as a safety guide in many states.

For over 50 years, Universal Atlas has been a leader in improving cement and increasing its usefulness. Helping to supply this material which is important to building a greater, stronger America is the job of this member of the industrial family that serves the nation—United States Steel.



United States Steel Corporation Subsidiaries

UNITED STATES STEEL

(CONTINUED FROM PAGE 21)

nesota Bureau of Criminal Apprehension has offered to instruct merchants and bankers in fingerprinting, but most bankers feel that the psychological factor alone is enough to deter those who would pass fraudulent checks.

In publicizing the scheme, a series of six releases was sent to all Minnesota papers, radio stations, trade association secretaries, and banks. Thousands of the little cards have been distributed.

"In appraising the results of such a plan," the association says, "one thing must be borne in mind . . . now that we have made merchants 'fraudulent check minded' through publicity and an educational campaign, they naturally report every bum check, where once they took their losses quietly. Hence it is difficult to secure reliable figures. However, it does appear that this campaign is paying off. The check artist is avoiding Minnesota—at least for the time being."

Thumbprint Corporation

A new commercial enterprise has been formed which is based entirely upon the thumbprint endorsement idea. It offers its services on a yearly subscription basis to banks, department stores, hotels, retail merchants, and others who might be faced with the problem of cashing checks for strangers. The service is contingent upon the use of the thumbprint endorsement; and the firm supplies a specially designed inking pad to facilitate the making of prints. Its latest wrinkle is a pad soaked with fingerprinting cream which is invisible when



"I don't want to kill your spirit, Miss Sandow, but our usual procedure upon discovering a counterfeit is slightly different"



ADD A 13th Selling Month WITH TYphoon Air Conditioning

S-T-R-E-T-C-H your selling year, salvage many days and weeks that are now written off the calendar because of heat and humidity. Typhoon air conditioning units put an extra month in the profit column.

Ruggedly engineered, Typhoon units have over-size coils to wring out humidity, and a dual control grille for efficient distribution of air. To get the most air conditioning at lowest dollar cost per ton, see your Typhoon distributor.



1½ to 10-Ton Units



Simple to Install--
Ruggedly Engineered--
Trouble-Free Performance--
Handsome Cabinet

Write for "Cold Facts About Air Conditioning" to Dept. B3

TYPOON AIR CONDITIONING CO., INC.
794 Union Street • Brooklyn 15, N. Y.

correspondents?

Our knowledge of how to help them has been building up since 1850. But now we offer an "extra measure" of service through our affiliation with Marine Midland banking offices in 47 New York State Communities.

Member Federal Deposit Insurance Corporation



MARINE TRUST COMPANY

Buffalo's Oldest and Largest Commercial Bank

SUB - ASSEMBLIES

A finished automobile is the result of assembling a number of sub-assemblies. Thus the ignition system, the pistons and rods, the frame and springs, the body and hardware, might be classed as major sub-assemblies. Previously a large number of minor sub-assemblies were manufactured, for example the parts that make up the distributor, or the fuel pump, or the oil filter.

During the manufacturing processes of these sub-assemblies the shape of the finished product is not indicated, except of course to those engaged in the planning and building of it. So it is sometimes with a process of thought and the ultimate acceptance of an idea. The

recognition of the fully developed idea sometimes appears to burst into full view, having at last taken on a recognizable form, and the thing we see is the completed product and not the contributing factors of its formation.

Applied to the Personalized Check program, we observe the sub-assembly process at work. Here and there these assemblies are now taking shape. With more frequency this year we recognize full acceptance of the idea in its entirety. In other words, the program is taking shape. More and more bankers are recognizing the complete picture and are appreciating the full significance of the program itself.

At what stage of acceptance are you? How far have you progressed toward the final assembly? How close are you to adopting the full imprinting program? Wherever you are, we are prepared to help you put the parts together to the end that all your customers ultimately will be using imprinted checks, thus making your handling operations easier and more accurate, thus saving you time and money, thus pleasing more of your customers.



Manufacturing Plants at:
NEW YORK, CLEVELAND, CHICAGO, KANSAS CITY, ST. PAUL

impressed on paper. The idea is to get around any complaint as to the messiness of fingerprint inks. The print appears clearly, months or years later, by simply rubbing an acid solution over the invisible thumbprint.

A copyrighted rubber stamp is supplied which the teller (or merchant, hotelman, or other check-casher) may stamp on the reverse of any check he is about to cash for a person not known to him. It has lines for signature and complete address, together with a space for the thumbprint.

Law enforcement agencies approve the thumbprint idea. They note that a single thumbprint is not a complete identification—but they agree that it would be effective. It would relate anyone taken into custody by comparison with the full set of fingerprints obtained by the police.

Aside from the law-enforcement angle, most users of the plan feel that it achieves its greatest value through its deterrent factors. If it discourages the check artist from plying his trade, they feel it has won half the battle.

Some banks have shied away from the adoption of the plan on the ground that they conceivably could insult someone who otherwise might become a good customer. In practice, however, many banks have found that the thumbprint requirement does not embarrass the honest person with nothing to fear. But check forgers and bad-check passers would think twice before leaving a nice clear thumbprint at the bank.

The State Bank of Clearing, Chicago, gives the idea wide publicity from the angle of additional protection to its depositors. President Lambert Beré says "it affords two-way protection for the bank and in particular for its commercial customers. First of all, this plan incorporates the bank policy of 'know your endorser'—secondly, the thumbprint is foolproof identification." This bank uses the new invisible cream for making the prints.



A GOOD INVESTMENT

because...it handles
any posting...
in any bank



In a matter of seconds, this National Multiple-Duty Accounting Machine changes from any one of these jobs to any other:

- individual ledgers
- general ledger
- daily financial statements
- trust records
- regular mortgages
- F.H.A. mortgages
- loans and discounts
- payroll

Its removable form bars are changed quickly . . . easily. It will handle any posting work, in any bank, better and faster. It can be operated by anyone who can type and operate an adding machine.

National Accounting Machines offer an efficient, mechanized answer to every problem of bank accounting. Out of the country's 100 largest banks, 94 use Nationals . . . as do thousands of smaller ones.

National provides a complete line of accounting machines to meet every need of every department of every bank, large or small. They're all described in this handsomely illustrated 64-page free booklet, which your local National representative will be glad to give you.

National
ACCOUNTING MACHINES
CASH REGISTERS • ADDING MACHINES

THE NATIONAL CASH REGISTER COMPANY, DAYTON 9, OHIO

Gee, I'd Like to Work in a Bank!

AN adult shouldn't be writing this story. It would have much more flavor if the narrator were one of the 18 school kids who visited the Stamford (Connecticut) Trust Company that February afternoon to learn what a bank does and how banking helps the American enterprise system.

For instance, if the stocky young man who closely observed each mechanical operation were BANKING's reporter he'd tell you: "Oh, boy—those machines in the proof department! Now they're *something!*" And the pretty girl in the red jacket, who was in the front row for each demonstration, would say: "Gee, I'd like to work in a bank!"—which is just what she did say when the tour was over.

Perhaps none of the young visitors—pupils of the junior business group at Burdick Junior High School—in his or her enthusiasm over the big vault, the picture-taking, the mechanics of banking, or the shiny dime that was the parting gift of President Harold E. Rider—would emphasize the purpose of the school and the bank in making possible this interesting contact with the business world. So we'll set the background with a few prosaic facts which, after all, are the real reasons for this story's being here.

The tour, approved by the Stamford school system, was the first in a series planned by Stamford Trust to let pupils observe a bank at work and to learn, by

practical demonstration, in the words of Mr. Rider, "how, in America, men, money, and machines, working together in a free enterprise economy, produce the greatest amount of useful things for more people than in any other country in the world."

The visits are being tied in with lobby exhibits of products made in Stamford, whose economy is largely based on manufacturing. The first of the displays, by Yale & Towne Manufacturing Company, was ready for the youngsters when they and their teacher, Mrs. Mildred P. McElroy, arrived to start the program.

It began in the board room where Mr. Rider met his guests. They were, you'd say, a cosmopolitan group, a sort of junior United Nations, representing the many national bloods that have become America. Standing around the long table, they waited curiously and expectantly for what he had to tell them. Several alerted notebooks and pencils indicated that classroom reports on what had been seen and heard would be in order when this interlude in school routine was over.

President Rider explained that the boys and girls had been invited to see how industry and banking cooperate. They'd learn what happens to a check after you hand it to a teller and get your money; also that Stamford's manufacturing plants and the city's banks

provide an example, right at home, of the American way of doing things. They'd find the Yale & Towne display interesting, he was sure. There, in the cases, were some of the products that carried Stamford's name around the world. Later, other local companies, such as American Cynamid, Petroleum Heat & Power, Pitney-Bowes, Shick, and Norma-Hoffman Bearings would be exhibiting their goods.

THEN Mr. Rider made another point.

"You are," he told the boys and girls while they took notes, "tomorrow's leaders of American industry and government. The form of society we have in the United States has given each one of you, from the day you were born, the same equal opportunity to a full life and a bright future.

"Because you are the leaders of the future it is important for each one of you to know well how the American economic system works, because it is this system—this way we have of doing things—that gives you the opportunity of which I speak. When you know what makes our economy tick, you will want to defend it with your life. The American economy is the foundation for all our personal liberties."

There was also a talk by J. Bryan Williams, Jr., general manager of the Stamford division of Yale & Towne. Mr. Williams pictured banks as the hub

(CONTINUED ON PAGE 28)



THE STAMFORD TRUST COMPANY

"It began in the board room where Mr. Rider (second from left) met his guests . . . a cosmopolitan group, a sort of junior United Nations. . . ." As one of the pupils reported later: "Mr. Rider gave a talk, and he explained to us the relationship between a business concern and a bank. He pointed out that without banks, a concern like Yale & Towne could not carry on well or perhaps not at all." The man at the left is W. B. Williams, Jr., general manager of the Stamford Y. & T. plant





What makes a "house price"?

Lustron, pioneer in mass production of homes, now takes a forward step in mass pricing for mass merchandising of homes—a price policy that separates house package and erection costs from land and land improvement costs.

The basic principle of the Lustron idea is the production of high-quality houses for a greater number of American families at the lowest possible price.

Naturally, there will be variations in costs, and, therefore, in prices, of Lustron Homes built on various sites.

However, Lustron and Lustron builder-dealers have determined together that no Lustron Home will carry a high price tag because of exorbitant profits on land, inefficient construction practices, or the inclusion of unwanted accessories.

House Price

Each purchaser of a Lustron Home will know, in advance, by means of quoted prices:

1. the cost of the house made by Lustron and erected by the Lustron builder-dealer;
2. the additional cost of land and land improvements.

This forward step in the evolution of house pricing is a great advantage to the buyer—and to lending institutions that will participate in the financing.

Prices and Quality Controlled

It means that the cost of a finished house—which is 80 to 90 per cent of the home buyer's investment in house and lot—can be known in advance as the full cost of a standard item of definite quality and recognized value.

Principle of Common Sense

The pricing of house without land is a bold idea.

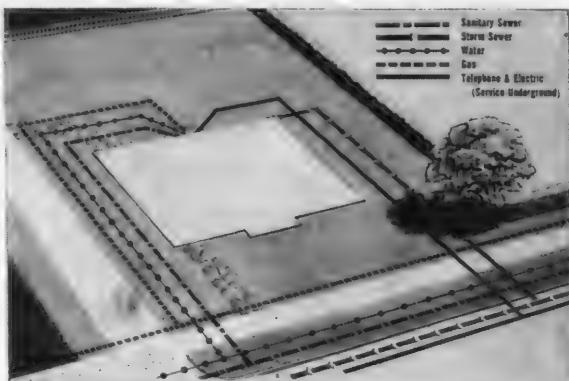
It is in keeping with the Lustron concept of housing as a great new mass-production industry.

Lustron, the leader in this industry, is confident that this new common-sense principle will be welcomed by buyers and progressive lending institutions alike. O.L.C.

LUSTRON CORPORATION
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1 This is a vacant lot, unimproved. Its price depends on desirability of neighborhood, on the type of community in which it is located, on its size and topography, on the price of similar vacant lots in the community, and on what the purchaser is willing to pay for it.



2 This is the same lot, with improvements: walk, sanitary and storm sewers, water and gas mains, telephone and electric lines, lawn, driveway, shrubs and trees. The cost of these improvements can be closely calculated and should be added to the cost of the lot.



3 This is the same lot, with a Lustron Home erected on it. This house, in any given community, will carry a definite price tag, delivered and erected. Buyer and mortgagee will know the exact price of the house and its relationship to total investment in house and lot.

"Seeing things makes everything more clear"

Here are excerpts from the classroom report made by three of the bank's young visitors:

"We went behind a teller's window where a man showed us a teller's machine and demonstrated how it worked. Each deposit that is made in a day is recorded upon the machine, and at the end of the day, by pushing one button the teller can find the total deposits. We also saw a change making machine. . . .

"We then went to see the vault where the customers can keep their valuables in steel boxes. . . . If a person wants to go to a box, he has to sign his name, and he is timed before entering the vault. . . .

"We were next taken to the proving room where all checks, etc., that are received in the bank are recorded by machine. If one check is put in the wrong pocket the machine automatically locks. About 16,000 items pass through this machine each day. This remarkable machine can detect a human error. In the same room all checks are put on film. . . .

"We also visited a room where a new employee, who has just obtained a position in the bank, does his work. It is the

mailing room and the clerk is his own boss and has a room to himself!

"We next went to the bookkeeping department where a record is kept of each person's deposits and withdrawals. The girls demonstrated the machines, and Mr. Rider told us that practically all of the workers here were graduated from the Stamford High School.

"We were then taken to the savings department where we learned how important it was to save and how much it counted. More important facts were learned at the mortgage window, and Mr. Arnold explained how one could obtain a loan from a bank.

"Miss Cooney [Agnes Cooney, assistant secretary of the bank] gave us a number of booklets on locks and on banking, and told us to come and see her if we wanted a job as soon as we finished high school. . . .

"It was a very interesting and worth-while tour as we learned many things. Seeing things makes everything more clear.

"Carol Ann Dudley, Mary Lou Lasagna, Lucy Lucia"

(CONTINUED FROM PAGE 26)

of industry. The hardware his company makes goes into homes. Homes are expensive, especially these days, and many people don't have the money to buy them. That's where the bank steps in: it enables people to live in and enjoy homes while they're paying for them.

THE trip around the operating departments was conducted by James Weir, comptroller and assistant treasurer of the company. His explanations traced a check's progress from the teller's counter to its final return to the maker.

In the bookkeeping department the visitors were told that all the people they saw working there were graduates

of local high schools—and the children looked around the room with new interest. You knew they were wondering whether some day. . . . Quite possibly.

One girl, much impressed by the machines, had a question:

"Do you have to stay in the bookkeeping department?"

Oh, no, Rosa. There's a chance to work in *every* department of the bank. Your particular job depends on what you like, what you can do best, how ambitious you are—a dozen things.

Everybody was interested, of course, in the vault. When it was suggested that a 14-year-old boy put his finger on the 16-ton door and push, his amazement at its immediate response was

equaled only by the prominence the operation had given him. How many of his folks and schoolmates have since heard the story—and how often!

BUT a bank is a place where they have money. How about seeing some? So out of the vault comes a \$1,000 and a \$500 bill—another item for 18 memory books.

There was a bit of cash to take home, too. Filing into the president's office, each child got a warm handshake from President Rider, and a new dime. Later, each also received a picture of the group, autographed, "with best wishes," by him.

Another souvenir brought into sharp
(CONTINUED ON PAGE 30)



"We went behind a teller's window," Carol Ann, Mary Lou, and Lucy told their classmates, "where a man showed us a teller's machine and demonstrated how it worked." The demonstrator is George Veit of the Stamford Trust staff. In the background stands Comptroller James Weir





Orchard House

*Home of the Author
of "Little Women"*

Famous American Homes



The library in Orchard House

"THE FIRST golden egg of the ugly duckling," wrote Louisa May Alcott after the publication of "Little Women" which brought fame and prosperity after lean years of believing herself a failure. Yet the publisher was disappointed in the manuscript and inclined to reject it. Fortunately, he sought the opinions of some young friends and their enthusiastic reaction convinced him of its appeal.

As every reader knows, "Little Women" is based on the early home life of the four Alcott sisters and through the tomboy Jo, Louisa herself is revealed. Though the author spared no unflattering details, Jo with all her faults emerges as the strongest and most endearing character.

Louisa, the second of the four daughters,

was born in 1832 in Germantown, Pennsylvania, where her father conducted a school. A man of culture and advanced educational ideas, Bronson Alcott was nevertheless an unpractical dreamer who had difficulty making an adequate living.

After many moves, in 1857 the Alcotts bought Orchard House in Concord, Massachusetts, which remained their home for twenty-five years. Built about 1650 and one of the oldest in Concord, the house was so dilapidated that its former owner had thought it fit only for firewood. But he did not know the resourceful Alcotts who energetically set to work and made the old wreck habitable. Some of the decorations made by May (Amy in "Little Women") still remain.

Under the spur of necessity the ambitious Louisa began writing at an early age, but her stories netted very little and failed to meet her own critical standards. With "Little Women," which was written at Orchard House and published when she was 36, she not only became successful in the eyes of the public but had the satisfaction of feeling that she had hit her stride. Characteristically, she rejoiced most in being able at last to install a furnace



View of parlor. Note "sausage pillow" mentioned in "Little Women"

in Orchard House and provide her family with many other necessities and comforts. Her dominant love and protective instinct were constantly directed toward her family. This single-minded devotion was probably why she never married.

Orchard House is now maintained by the Louisa M. Alcott Memorial Association. Through the help of relatives and friends it has the same appearance and much of the same furniture as in the days when the Alcott family made it their home.

* * *

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Newfoundland..it's
The Royal Bank*



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BRITISH COLUMBIA
The skyline of the great
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New Industrial Horizons are opening up in Canada. New skills and factories, developed in war, have been put to diversified peacetime production. Untapped resources are being explored. New communities are being born.

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LA TUQUE,
QUEBEC
Riverrun on Log Boom

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International banking through more than 700 branches in Canada, the West Indies, Central and South America; New York, London and Paris. Correspondents the world over.

Assets exceed \$2,000,000,000



President Rider says goodbye to a young guest and gives her a new dime as Mrs. Mildred P. McElroy, the teacher who accompanied the group, looks on

(CONTINUED FROM PAGE 28)

focus the purpose of the visit. A folder, done in color with drawings, told the boys and girls (and their parents) why "Free America is still the land of opportunity." The pages emphasized in pictures and brief text such points as "The Principle of Opportunity for All," "Business and Industry Create Wealth," "This Wealth Spreads Throughout the World," "Worldwide Recognition Is Earned by Stamford" (the copy here said that because of alert, intelligent management and earnest skilled workmen, Stamford products merit their worldwide fame), "Better Things for More People," and so on.

At school the following Monday the bank's young guests had a chance to use the notes they had jotted down during the tour. The class assignment was to write a report of the visit.

STAMFORD Trust plans to continue its contacts with "tomorrow's leaders of American industry and government." The tours will be conducted, on a weekly or more frequent basis, throughout this school year and the next—with a new set of tourists each time, of course.

Meanwhile, the lobby exhibits will be there for the grown-ups to see, too. This educational program is for the entire community.

JOHN L. COOLEY

Patience is sometimes simply a case of not knowing what to do.

A young man may not find the perfect girl, but it certainly is fun looking.

BANKING



3 contributions to better farming

Product development has always been a major part of Oliver activities. The organization which gave farming the first gasoline-powered tractor continues to make important contributions to better farming with products which conserve the soil, increase yield and add to profits.

Three recent and important Oliver developments are shown below.

The replaceable PLOWSHARE



Raydex Plowshares come in a package just like razor blades—are thrown away when worn. Prevent lost time, are uniform in size, sharpness and results. Each Raydex blade costs less than a sharpening job on old-fashioned plowshares.

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The problem of the plow pan is solved with the Oliver TNT Plow. A lower blade breaks up the pan to admit air and water to the subsoil. Topsoil is gradually deepened by continued use—fertilizer becomes more effective.

Direct Drive POWER TAKE-OFF on Oliver Tractors



A power take-off to drive balers, combines, mowers and other equipment that is independent of the tractor transmission—a revolutionary Oliver improvement in tractor utility. Oliver tractors are first in the United States with this much needed development.

The OLIVER Corporation, 400 W. Madison St., Chicago 6, Ill.

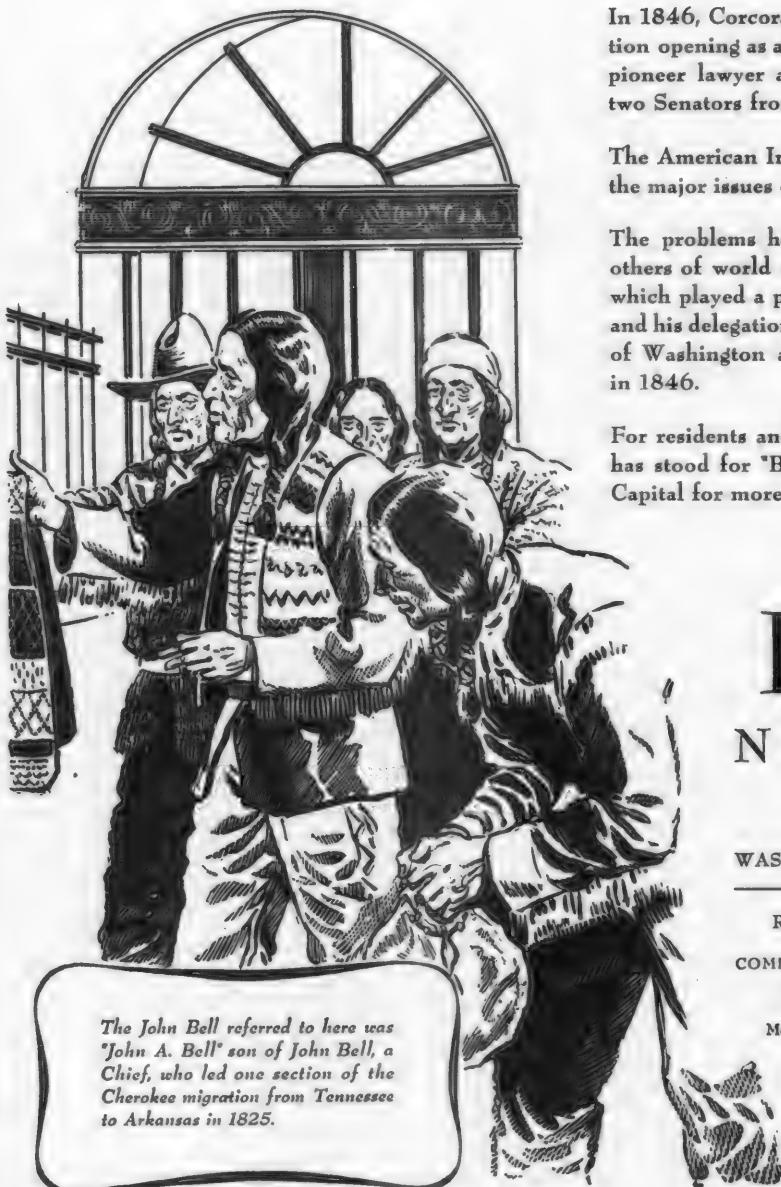
OLIVER

"FINEST IN FARM AND INDUSTRIAL MACHINERY"



LARGEST FINANCIAL INSTITUTION IN THE NATION'S CAPITAL

*"John Bell, a Cherokee, informs me
that the Cherokee Delegation have
left with you a thousand dollars
to my credit . . . "*



The John Bell referred to here was "John A. Bell" son of John Bell, a Chief, who led one section of the Cherokee migration from Tennessee to Arkansas in 1825.

In 1846, Corcoran & Riggs received a communication opening as above from AMBROSE H. SEVIER, pioneer lawyer and statesman and one of the first two Senators from Arkansas.

The American Indian and his problems were among the major issues confronting the country in that era.

The problems have changed and been replaced by others of world magnitude, but the Banking House which played a part in the little drama of John Bell and his delegation, has continued to serve the people of Washington and the Nation as outstandingly as in 1846.

For residents and transients alike, the name RIGGS has stood for "Banking at its Best" in the Nation's Capital for more than a century.

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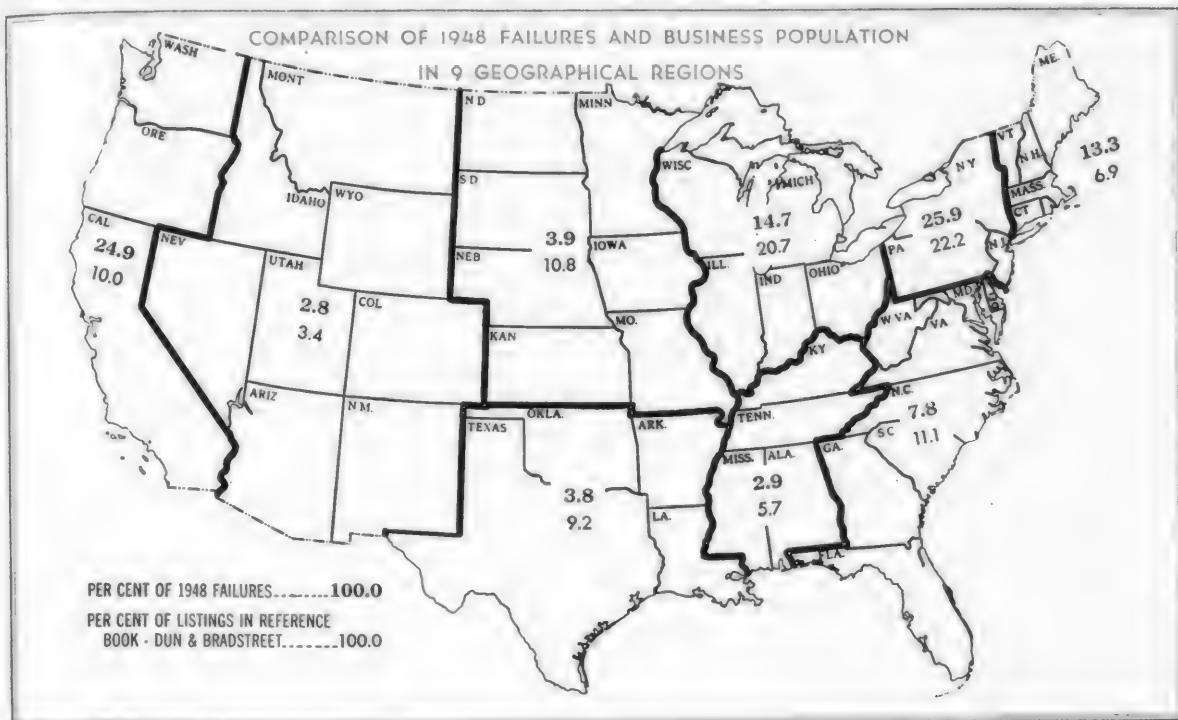
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MARCH 1949

JOURNAL OF THE AMERICAN BANKERS' ASSOCIATION



The Return of Competition

ROY A. FOULKE

The author, who contributes to BANKING from time to time, is a vice-president of Dun & Bradstreet, Inc., with which he has been associated for 18 years. He has written several volumes on the financial analysis of business enterprises, extension of bank credit, and related subjects. He recently completed a small volume entitled A Study of the Theory of Corporate Net Profits.

WENTY-EIGHT months ago two Marines returned home from the war in the Pacific. They had both been non-commissioned officers. One was 26 years of age and the other 28. During two years of close association through the untold hazards of an island-hopping war, they had become close friends. One lived in New York City and the other in Pittsburgh. Fifteen months ago the New Yorker had the idea of organizing a business to manufacture children's toys and novelties, so he wrote to his buddy in Pittsburgh and explained the idea. The idea was fine!

Between them, they raised \$12,000 and started the business. Quarters were leased in Long Island City to produce the toys. A salesman was hired to sell the toys to department stores before a wheel was turned. Five months after that business was incorporated it was bankrupt! In five short months the \$12,000 of invested capital had been lost and

the schedule of liabilities, when filed, was twice as large as the original capital. Under a wide variety of circumstances money can be lost pretty fast in business, particularly new businesses. Why?

The reasons were simple and obvious in this case. Neither one of these two embryonic businessmen had any clear idea how to manufacture the product they were going to sell. They had an idea, but, to make it work, one of the "go-getters" should have been a factory man, who knew the mechanics of operating machines. The other one should have been a financial man, that is, one who knew the elements of sound business, how much of their capital to invest in machinery and equipment, how much to put into inventory, cost figures, mark-ups, and how very essential it is to keep all expenses down until collections begin to roll in and even then to watch every cent with an eagle's eye. Hard work and conscientiousness go a long way in making a success of a new venture, but along with these fine attributes there must be some elementary knowledge of business operations. These elements are more important in manufacturing than in wholesaling, and more important in wholesaling than in retailing.

In 1944 there were 1,855,000 commercial and industrial business concerns listed in the Dun & Bradstreet, July,

Reference Book. From 1944 to January of this year there has been a continuous and steady increase to an all-time new high record of 2,640,000 listings. This expansion is unprecedented in our entire economic history. The previous high was in 1929, when listings aggregated 2,213,000. The January 1949 figure was 19.2 percent in excess of the previous all-time record.

There is no place on the face of the globe where it is as easy to go into business — and also to discontinue and go out of business—as in the United States. That ease represents our sixth freedom, freedom to engage in business activity on our

own individual responsibility. As war plants were closed in the summer of 1944, many men and boys who were laid off in those plants returned home and opened garages, filling stations, retail grocery stores, photography shops, wholesale business, and industrial plants. As the streams of boys from the worldwide war fronts converged on our shores, many of them wanted to be their own bosses, to have their own businesses, and with their accumulated savings they opened shops and plants. That's the reason for the current greatest surge of new business concerns in our history.

The results are now beginning to be felt. Competition is

Commercial and Industrial Failures by Lines of Industry (1938, 1945, and 1948)

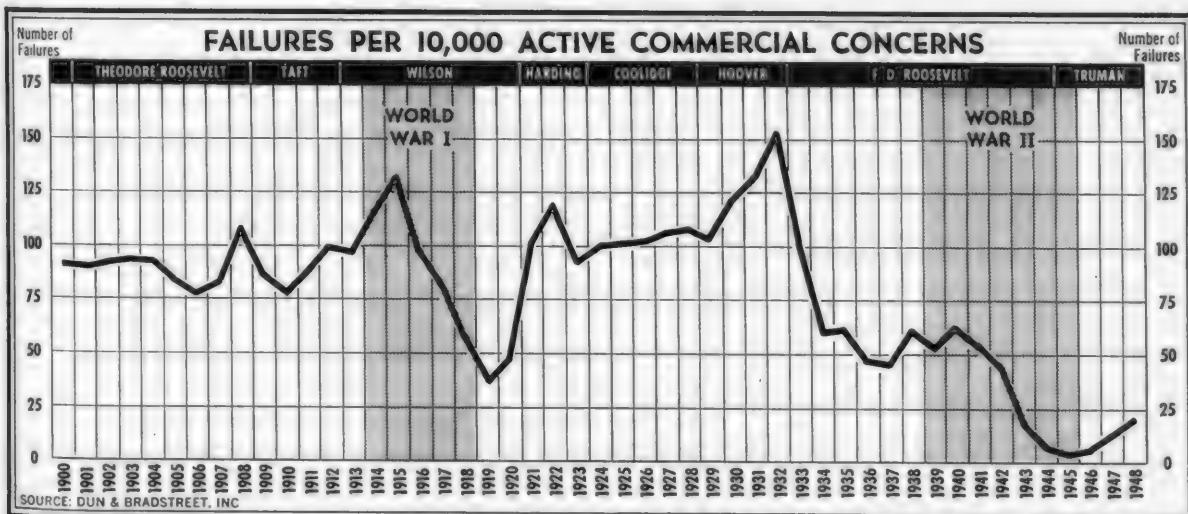
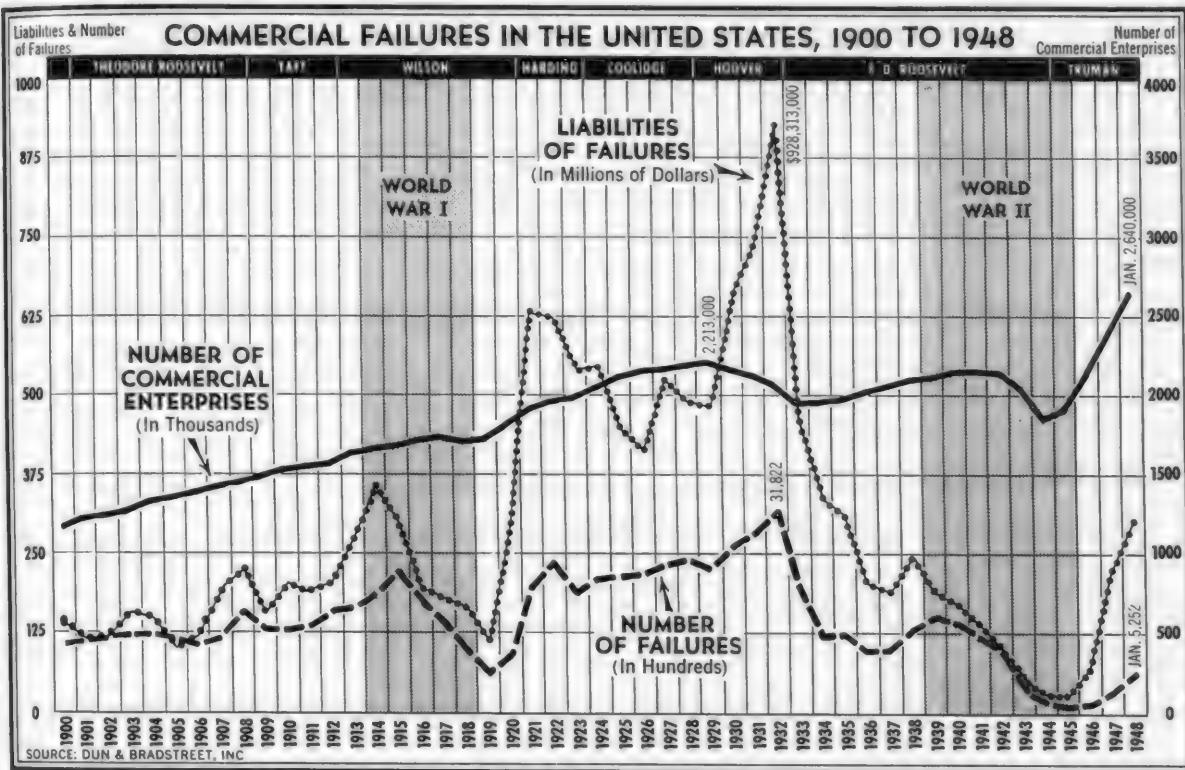
Line of Industry	1938		1945		1948	
	Number	Liabilities (000)	Number	Liabilities (000)	Number	Liabilities (000)
Total United States.....	12,836	\$246,505	810	\$30,395	5,252	\$310,566
<i>Manufacturing</i>	2,428	98,251	280	17,247	1,481	130,292
Mining.....	...	...	17	2,487	21	2,581
Food.....	445	15,316	14	527	180	14,264
Textiles and Apparel.....	597	16,818	19	311	169	6,979
Lumber.....	210	6,417	49	1,754	267	11,903
Paper, Printing and Publishing.....	186	6,675	14	640	63	3,486
Chemicals.....	98	2,126	15	261	50	3,531
Leather.....	80	2,016	8	240	69	2,947
Stone, Clay and Glass.....	82	3,783	8	366	45	2,746
Iron and Steel.....	142	8,616	24	1,481	83	9,873
Machinery.....	156	6,084	54	3,644	220	38,267
Transportation Equipment.....	57	3,403	19	3,567	45	8,589
All Other.....	375	26,997	39	1,969	269	25,126
<i>Wholesale Trade</i>	1,289	49,732	61	1,214	669	26,066
Food and Farm Products.....	467	8,420	15	429	182	10,372
Apparel.....	105	1,789	6	53	21	625
Dry Goods.....	52	1,258	3	41	17	480
Lumber, Building Materials and Hardware.....	100	4,451	3	113	54	1,943
Chemicals and Drugs.....	46	22,502	6	90	36	716
Motor Vehicles and Equipment.....	96	1,744	2	68	35	1,221
All Other.....	423	9,568	26	420	324	10,709
<i>Retail Trade</i>	7,925	76,528	290	3,127	2,185	39,819
Food and Liquor.....	2,066	11,387	51	361	546	6,751
General Merchandise.....	401	4,333	11	80	94	1,520
Apparel.....	1,807	16,866	31	211	313	5,317
Furniture and House Furnishings.....	610	10,043	6	26	212	3,881
Lumber, Building Materials and Hardware.....	406	4,655	14	105	159	2,834
Automotive Products.....	659	10,485	32	555	192	5,796
Eating and Drinking Places.....	699	7,693	90	908	422	9,570
Drugs.....	460	3,812	12	134	50	904
All Other.....	817	7,254	43	747	197	3,246
<i>Construction</i>	625	10,081	92	3,559	439	15,609
General Contractors.....	78	1,376	21	2,212	165	8,887
Building Subcontractors.....	345	3,518	65	949	245	4,939
Other Contractors.....	202	5,187	6	398	29	1,783
<i>Commercial Service</i>	569	11,913	87	5,248	478	98,780
Highway Transportation.....	148	3,200	25	3,903	176	90,999
Miscellaneous Public Services.....	...	...	11	175	10	259
Hotels.....	46	3,856	2	486	24	2,130
Cleaning, Dyeing and Pressing Services.....	128	1,309	4	56	48	989
Laundries.....	52	1,622	2	23	27	588
Undertakers.....	51	473	3	26	4	53
Other Personal Services.....	...	...	9	27	46	419
Business and Repair Services.....	144	1,453	31	552	143	3,343

coming home again, and with that competition is coming lower prices. Under these conditions of the changing business front, it is the most natural phenomenon in the world to have increased failures. No one really knows, but I would estimate that at least 70 percent of the commercial and industrial concerns in existence today are operated by managements who had no experience in the last depression. They are the new crop of managers, particularly among the smaller concerns, which comprise such a high proportion of all business enterprises. Competition is going to become keener, month by month, in 1949, as a buyers' market sup-

plants the sellers' market, and as margins of profit grow smaller and smaller.

Business embarrassments take their greatest toll in the first four years of new ventures. A recent study of the age of 2,870 business concerns at the time of the failure showed that 5 percent had been active less than one year, 38.6 less than two years, 61 less than three years, and 71.6 percent less than four years. Chances of fair business success are pretty good after overcoming the hazards of the first four years.

(CONTINUED ON PAGE 110)



A Comparison of Two Systems

The Unit System

JOHN W. LARSEN

MR. LARSEN is assistant vice-president of the Bowery Savings Bank, New York City. Until the merger of the North River Savings Bank with the Bowery on February 15, he was treasurer of the former institution and he bases his article on his experiences there. The machines used by the North River Savings Bank were those of the National Cash Register Company.

THE term, "unit system," has come to have two different and entirely unrelated meanings. One is the alphabetical or numerical division of accounts into two or more units, and the other, the bringing together under the control of the teller the functions of posting entries to the passbook and to the ledger card. It is the latter meaning of the term which will apply in this article.

Basically this system accomplishes three things:

- (1) Direct and complete teller-to-depositor service.
- (2) Any and all transactions at any window.
- (3) Simultaneous posting of all necessary records.

The physical arrangement of the savings department under the unit system is simple. Each posting machine is designed to be used by two tellers with a separate key for each. The machine is placed on a counter between two windows, which should be four or five feet apart. The ledger cards are housed in a ledger desk, four feet to four feet six inches behind the counter, directly behind the tellers. The signature cards and cross indexes of open accounts are also housed in compartments of the ledger card desk, or in upright files next to the ledger card desk, or in some other easily accessible area. The depositor's signature can also be taken at the bottom of the ledger card. A teller's check pad should be provided for the drawing of checks for the depositor. A typewriter may or may not be provided for this purpose.

Simultaneous Posting in One Operation

The unit system provides for the simultaneous posting of passbook and ledger card. This is done in one operation because the machines are constructed to take both at once, giving, simultaneously, three original impressions, one on the ledger card, one on the passbook, and one on the journal tape. This, of course, eliminates the necessity for making subsequent postings to the ledger cards, as is the case under the dual system. On the other hand, under the dual system, the necessity for taking a daily old balance-new balance proof is eliminated, although there is still proof work and checking to be done, especially since many banks using that system do not require that passbooks be credited with interest unless the depositor so requests. This causes a difference between the balances on the ledger card and passbook in many cases.

Considering all the factors involved under both systems,

I believe the time involved in the separate posting of entries to the ledger cards under the dual system, together with checking differences that exist as a result of not having credited interest dividends, exceeds the time required for the old balance-new balance proof under the unit system.

Under the unit system, a depositor can get every service connected with his savings account at the one window, directly, clearly, and simply, without any wait other than that required to secure the ledger card, which is directly behind the teller. A depositor never has to be told that withdrawals are handled at some other window or that he must go to still another window to have interest credited to his passbook. This is so, because every teller handles all types of transactions.

In line with this, I want to point out that, under the unit system, practically everyone connected with the savings department can be a teller during peak periods. If space is limited and the activity load is heavy enough to warrant it, less expensive clerks can be hired to run the machines and pull ledger cards.

During slack periods of the day, under the unit system, tellers can perform such duties as calculating interest, preparing for and running the old balance-new balance proof which I will mention again later, refiling cards, and other miscellaneous duties. With all tellers trained to handle all types of transactions, efficiency is kept high, and the monotony of the work reduced.

(CONTINUED ON PAGE 38)

At the North River Savings Bank (now part of the Bowery Savings Bank, New York), showing a teller posting a transaction. Shown here are passbook, ledger card, posting machine, ledger card file



for Handling Interest Accounts

The Dual System

LEE J. MARINO

MR. MARINO is assistant comptroller of the Central Savings Bank in the City of New York. The Central's machines referred to here are those of the Monroe Calculating Machine Company. At the annual Savings and Mortgage Conference, March 14 and 15, at the Statler Hotel, New York City, a development of this system, recently announced by the Burroughs Adding Machine Company, will have a place on the program.

If we were seeking a short title for this article, we would make it "No More Lines." That is what the dual system of handling depositors' accounts accomplishes. During the past few months many well known experts in banking operations have visited our bank to look over the dual system, and their reactions can best be summed up in the terse statement made by one of them, when he said, "It's a very smooth operation." After more than 10 months of actual experience with it, through two semi-annual peaks in July and January, we say, "Amen, we're delighted with it." The first impression a visitor gets is that it must be a light-volume day, because he sees no congestion on the floor. And that is the way it is, even on the busy days in the peak periods.

The outstanding characteristic of the dual system may be

Tellers at the Central Bank for Savings, New York, where the operations at this point are limited to those called for in the dual system of handling interest accounts



expressed this way: "We do the bookkeeping on our time—not the depositors." Basically that is all there is to it. The essence of the dual system is to divide the work into two parts, namely the window passbook operation, and the bookkeeping or ledger posting job. The primary purpose is to speed up the service to depositors so that the transactions at the teller's window do not have to be delayed while the teller goes back to get the ledger card. The ledger card posting, under the dual system, is done the next day "on bank time." The majority of the transactions at the teller's window are handled more quickly, and the concentration of ledger posting work in the bookkeeping department makes that operation more efficient. The secondary purpose of this dual division in the work is to keep the ledger cards, which are the record of account activity, away from the tellers who have access to cash.

Traffic Flexibility

Under the unit system the ledger cards are usually segregated alphabetically, such as A to E, F to K, L to R and S to Z. A depositor must go to the unit containing his particular account. There are times under this arrangement when one unit is congested and rushed with long lines of depositors, while other units are practically idle. No one can relieve the busy unit because the ledger cards are not available to the tellers in the other units. Under the dual system there is no alphabetical segregation of accounts, and depositors may go to any deposit or withdrawal window. This system provides greater flexibility in shifting tellers, opening and closing windows, etc., to take care of the volume of work and the demands of the depositors, and enables the supervisors to utilize the time of their staff more fully, during dull periods, to do other jobs, such as compute interest, prepare trial balances, etc.

The proponents of the unit system say they can achieve the same speed at the window by having "assistants" do the leg work, pulling the ledger cards and bringing them back to the teller. Surely they can, but in these days "assistants" cost more than machines, even the most expensive machines. Without attempting to proselyte, we know we have considerably stepped up the speed of window operations, particularly for deposit transactions, and we firmly believe we have increased our capacity to handle about 50 percent additional volume of transactions without increasing personnel or machines.

Outgrowth of the Oldest System

The dual system of operation is not new. In fact it merely does with machines what was formerly done by hand posting. It is, therefore, the oldest system in existence and is in use by more than three-fourths of all the savings banks and savings departments in the country.

It may be of interest to state why we adopted the dual system, and why we replaced the unit system. Our reasons are:

- (1) To speed up the service to depositors.
- (2) To obtain more adequate audit control.
- (3) To achieve greater economy in cost of machines and operating costs.

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The Unit System

(CONTINUED FROM PAGE 36)

This advantage of the unit system, of having any and all transactions handled at one window, is best illustrated in crediting of interest to the passbook. Under the unit system, interest is credited to the passbook along with the first transaction after the dividend has been credited to the ledger card, without adding more than a few seconds to the time involved in handling the deposit or withdrawal. This is so because the teller obtains the ledger card for every transaction and, with the interest figure there in front of him, he merely has to throw one more figure into the posting machine as he posts the deposit or withdrawal.

The dual system, which requires either separate interest windows or a listing available to the teller, certainly, in my opinion, is at a great disadvantage on this point, as compared to the unit system.

Certainly it is better to credit interest to passbooks at the same time deposits or withdrawals are being handled, yet many banks using the dual system send depositors to a special interest window.

If interest lists are provided each teller under the dual system, much additional confusion and work is involved, especially when tellers are confronted with an account that has the interest for several periods to be credited. Of course, this problem of crediting dividends to passbooks is twice as great when a bank is on a quarterly basis rather than a semi-annual basis.

A 4-Way Check

As the tellers post their transactions under the unit system, a simple 4-way check is made to insure that the item has been posted to the correct account. This is done by selecting the ledger card from the number on the passbook, then comparing the balance on the card with that on the book, then the line number of the last entry in the passbook with that on the ledger card, and finally by comparing the name on the passbook with that on the ledger card. This is all done as the teller goes about posting the transaction.

The deposits and withdrawals so posted, as well as duplicate deposits and withdrawals, not only accumulate within the machine as separate totals for each teller, but also such totals cannot be adjusted or tampered with. This is accomplished in two ways:

(1) By having controlling locks on each machine, the keys to which are never given to the teller. These locks must be opened before totals can be cleared from the machine and before the audit tape can be removed or the item counters turned back. Each lock is equipped with a detector which advances one number any time the lock is unlocked. Here is the simple but important part of the system of internal check which should be strictly adhered to.

(2) By means of the journal or audit tape which is locked in the machine and contains a detailed description of every transaction posted on the machine.

A helpful feature of the machines used in the unit system is the teller's insert key. Each key is stamped with symbols and no two keys have the same symbol. In keeping a record of the assignment of these keys, it is always possible to identify any entry with the teller who made it. When two tellers use the same machine, additional "A" and "B" symbols serve to distinguish which one of the two tellers made the entry as identified by the symbol on the insert key. Each

teller is responsible for the key and should be required to turn it in each night.

An important procedure in the unit system operation is the daily old balance-new balance proof. The work is usually organized so that tellers utilize slack periods during the day preparing for this proof by sorting cards, tickets, and so forth. In many cases this proof is completed and the cards are filed back the following morning, especially when the early hours of the day are slack ones and the noon hours exceedingly busy ones.

Old Balance-New Balance Proof

The two main objectives of the daily old balance-new balance proof are:

(1) Verifying that new balances have been extended correctly. This is accomplished by sorting into controls the deposit tickets, withdrawal tickets, and the ledger cards on which there have been transactions during the day, then listing on the sheet the old balances and new balances from the ledger cards, and listing deposit tickets and withdrawal tickets for each control. The deposit total for each control is then added to the total of the old balances, the withdrawal total added to the total of the new balances, and the two grand totals for each ledger control must agree.

(2) From the above listings, which usually are most conveniently made by using a separate sheet for each ledger control, are obtained the amount of deposits to be credited to the control for the day, as well as the total of withdrawals to be deducted. The sum total of the amounts so debited and credited to the controls must equal the total debits and credits as determined by tellers' proof figures.

Most banks operating under the unit system prefer to credit interest or dividends to the ledger cards by machine, using the regular window posting machines. Others, however, write in the interest and extend the balances by hand, usually performing this operation over a much more protracted period than banks crediting interest by machines.

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A line of tellers operating under the unit system at the North River Savings Bank, New York (recently merged with the Bowery)



BANKING

The Dual System

(CONTINUED FROM PAGE 37)

The advantages of the dual system, as we see them, grouped under the three reasons why we made the change, are as follows:

- (1) Better and quicker service to depositors.
 - (a) Depositors are entitled to best available service.
 - (b) It is always irksome to waste time standing in line.
 - (c) No alphabetical segregation of accounts is required.
 - (d) Deposits, withdrawals and interest transactions are handled separately.
 - (e) Withdrawals of less than \$500 are handled without reference to ledger cards.
- (2) More adequate audit control.
 - (a) Same segregation of inactive accounts is practiced.
 - (b) Rotation of tellers is unnecessary.
 - (c) Ledger cards and record of activity are not available to tellers handling cash.
 - (d) Every transaction is audited as entered on ledger cards.
- (3) Greater economy in costs.
 - (a) Savings of more than 50 percent in cost of machines are realized.
 - (b) Annual maintenance service cost is much less.
 - (c) Working hours of tellers and others are reduced except at peak periods.
 - (d) Elimination of old and new balance proofs is achieved.
 - (e) There is no listing of tellers' work.
 - (f) Same number of people can handle greater volume of work.

A feature of the dual system in our case is the segregation of the floor operations into three parts—the handling of deposit, withdrawal and interest transactions separately. The segregation of window work is not an integral part of the dual

Part of the bookkeeping department at the Central Bank for Savings, showing ledger posting machines in operation



system, and many banks do not have it. Our purpose in doing so is to give the depositors the fastest possible service without creating the impression that we are rushing them in and out of the bank. Deposits can always be handled more quickly than withdrawals, because there is no need of referring to any record except the passbook. A depositor who wishes to make a deposit does not have to wait in line for a depositor who wants to get interest credited to the account, or who makes a withdrawal that requires verification of signature and possibly confirmation of the balance.

Withdrawals take longer, as indicated above, but can be handled more quickly than under the unit system, because only the depositor's signature is verified, except when an account is closed out and on withdrawals in excess of \$500. Since withdrawals that require confirmation of balances are a small percentage of the total volume of transactions, about 85 percent of the depositors can be taken care of more quickly. To prevent withdrawals from being made on accounts which have been attached, assigned or are otherwise subject to litigation, jackets are placed on the signature cards of such accounts, and all stop notices and other memoranda on checks cashed, etc., are noted on them.

A Troublesome Problem

Interest windows were decided upon and located near the ledger cards, because we use the ledger cards to post the interest on the passbooks. The handling of the interest posting on the passbook is the most troublesome problem to solve, and we still have not found the best solution for it. Some banks operating the dual system prepare "interest tickets" for all active accounts at the end of each interest period, showing the interest credited to the account for the period, and the accumulated uncredited interest for any prior periods. After the interest tickets are prepared, balanced and proved to the ledger cards, they are arranged in numerical order according to account numbers and made available to all tellers to post the interest to the passbooks. For a bank of our size, with about 185,000 accounts, this was not very practical and would prove too burdensome. The use of the ledger cards as a posting medium saves us work and makes possible a visual check of the new balance on the passbook to the ledger card balance.

In using the ledger cards as noted above, we had to leave the ledger cards on the floor to be accessible to the interest tellers. This also precluded the possibility of centralizing the bookkeeping operations for both branches. However, the number of accounts (185,000 at Broadway Office and 100,000 at 14th Street Office) and the volume of transactions are so large that there would be no advantage or saving in centralizing the bookkeeping into one operation. Incidentally that is the only difference between our system and the so-called centralized bookkeeping system. Both are essentially dual operation in separating the ledger posting from the window posting operation.

If we were to open another branch office, we might do the ledger posting work at either of the two larger offices until the volume of work increased to the point justifying the new branch's own bookkeeping operation.

The window posting operation of handling deposits, withdrawals and interest transactions separately is simple, fast and foolproof. For window posting work we have 14 machines at each of the two offices, exactly the same number as was previously used under the unit system, and for peak periods we use five for deposits, six for withdrawals and three for interest.

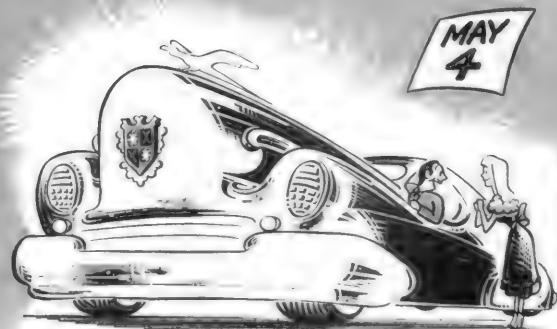
The window posting operation may be described in the following:
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Mr. & Mrs. E. Z. Terms

Drawings by DICK ERICSON



I picked up the cutest television set today! And what easy terms! We should own it in about a year

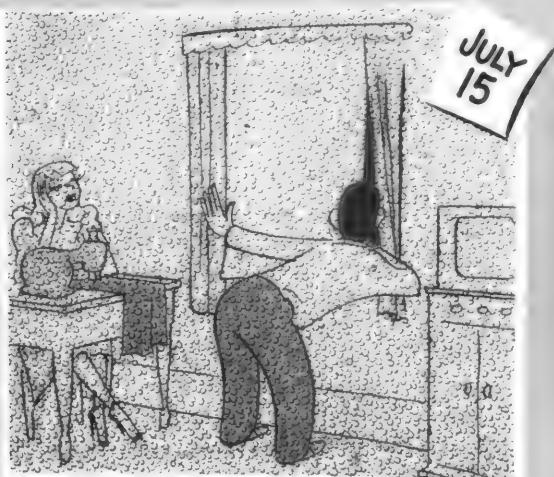


I had to go pay the first instalment on the television so I bought this baby to ride down in. Latest model, and the monthly payments are practically nothing!

This pathetic little story might end with "And they lived somehow or other ever after." The episodes were suggested by a story, author unknown, which made a deep impression when it fell into the hands of BANKING's editorial staff. And Dick Ericson's cartoons made the impression even deeper.



We're only a week late on the car payment, but we'll have to let the television instalment go over 'till July, because I had to plunk down \$18 on this dandy sewing machine I bought to make slip covers for the car.



Sh-h-h! It's the television man to take the set. Maybe he found I borrowed \$50 from the boss to make the car payment.



I borrowed \$100 from Aunt Emily so you can pay the boss his \$50 and make the car payment. We're a little behind on the sewing machine, but we needed this deep freeze. Only \$50 down, and we'll save oodles on food this winter.



You know, I don't miss the television set, and you hardly ever used the sewing machine. What hurts me is Aunt Emily's being so mean. I'll just run in here and get a character loan for \$250 and we'll get square again.



What if we did have to let the car go? I'd rather have the deep freeze anyway. They've given me a month's grace on it.



Let them take their old deep freeze. We never could arrange payments on food for it, anyhow. But guess what I got for our birthday! A new car on the "pay out of income basis." Surprised?



How dare the bank say you have no character
—the cheap lugs!



Talk about crooks! The garage man is holding the car for a labor bill. Who does he think he is, anyway?



Now that I've got the sack at the office and have to look for a new job, I figured I needed a new suit of clothes. Five bucks down! Not bad, eh?



President Truman surrounded by youngsters from 17 of the Marshall Plan countries

HARRIS & EWING

The Legislative Burden in a "Welfare State"

LAWRENCE STAFFORD

SELDOM in the history of the United States has the outlook for governmental action involved as wide a range of diverse and vast uncertainties as now.

For one thing, as congressional and other observers here see the situation, there is no very clear idea of exactly what the President wants and when he wants it.

After winning the 1948 election on a program promising vast and sweeping Federal actions to bring about what is now coming to be called the "Welfare State," the President insisted he wanted Congress to approve all these programs.

The feeling in Congress, even among the more seasoned supporters of the President, goes something like this: Mr. Truman has tied all of his far-reaching and diverse promises into a philosophic bundle, although he has not quite developed a pat slogan by which one can identify that philosophy, such as the "Welfare State," the term now being widely used. The philosophy is that the Government shall give every class of society (except perhaps capitalists or those who have invested in fixed obligations) an unqualified pledge of employment, prosperity, and security.

Cross-Purposes in Reserve Boost Plan

In proposals which directly affect the commercial banks is seen a sharp illustration of confusion in the Administration approach toward its program. These proposals also afford an illustration of the random manner of constructing the "Fair Deal" social legislative program.

During the last election, before the danger of inflation had abated so far, Mr. Truman campaigned on a promise to control the cost of living. One of the measures which

allegedly was designed to do this was the raising of required reserves for member banks of the Federal Reserve System.

By the time the President was ready to announce his programs for 1949, the danger of inflation had abated, in the opinion of all but about two of his advisers, Leon Keyserling and John D. Clark, both members of the President's Council of Economic Advisers.

On the other hand, the President felt impelled by his campaign promises to move ahead on behalf of measures which are regarded by most observers as inflationary. Among these subjects was the promise to back a big housing program.

So what the President did was to back the "anti-inflation" program of standby raw materials controls, price controls, and credit restrictions, while at the same time backing various spending programs.

He then called the resultant mixture a "stabilization" program, designed at one and the same time avowedly to deal with both inflation and deflation. He wanted to restrict bank credit, or be able to restrict bank credit, should inflation resume. He wanted to back the construction of millions of homes in case business activity should decline.

Reserve Squeeze Might Hit Business Volume

That the President has not thought through the implications of this program is the feeling of many Congressmen. Thus, higher reserve requirements might achieve the opposite of economic stabilization. This was pointed out by Evans Woollen, Jr., president of the American Bankers Association and chairman of the board of the Fletcher Trust

Company, Indianapolis, in an address before the Mid-Winter Trust Conference of the A.B.A.

"It seems evident that the granting of the authority to the Federal Reserve Board to increase reserve requirements further would have two principal effects," suggested Mr. Woollen.

"(1) Both banks and other lenders would seek to convert their holdings of Governments into cash or extremely short term paper.

"(2) Banks that have a high percentage of loans in relation to deposits would probably find it necessary to curtail their lending policies.

"If the Administration finds that deflation is in prospect, a curtailment of bank loans is obviously not a desirable objective. If loans are curtailed by some banks, or the banks of various individual communities, a contraction of business is almost an inevitable consequence. Those local credit curtailments could have a serious effect on business psychology that could be felt throughout the economy, geographically and in various lines of business and industry," he said.

Mr. Woollen also discussed the Administration argument (in the Economic Report message) that higher reserve requirements would give the power to the Federal Reserve Board "to deal with both inflation and deflation," as asserted by the official spokesmen.

"It may be argued that if the Board is granted the increased reserve requirements authority it requests, it could, by reducing the reserve requirements in the event of future deflation, release a proportionately larger amount of bank reserves for lending purposes than it can now. The fallacy of this argument is obvious. The long history of the depression during the 30's demonstrates one fact very clearly: the presence of large quantities of excess reserves may provide ample lending funds, but borrowers must be willing to use them if bank credit and the economy are to be expanded," Mr. Woollen said.

The official proposal is to authorize the Federal Reserve Board, when it deems it necessary, to order additional reserves by any amount up to 10 additional points or percent of demand deposits, and 4 percent on time deposits. Congress last summer, in a law expiring June 30, set the figures respectively at 4 percent and $\frac{1}{2}$ percent.

Mr. McCabe's View

The Joint House-Senate Economic Committee was told in mid-February by Thomas B. McCabe, Reserve Board chairman, that authority over excess reserves should "be made applicable to all insured banks, and not exclusively to member banks alone." He further stated that "it would be grossly inequitable to limit the requirements to member banks alone."

Unconvinced that inflation is no longer a danger, the head of the Reserve System said that he does not consider the Board "amply forearmed to deal with the credit needs of the opposite swing of the business cycle."

Credit control via higher reserve requirements received a distinctly poor reception from all Congressmen who are aware of the implications of this move, and in a key position to make decisions on it. There existed in Congress this winter a much greater fear than in Administration quarters that monkeying with bank reserves might precipitate a business slump.

Nevertheless, there always remains the possibility that 1948 will repeat itself on this point: It is easier to adopt little-understood reserve requirements legislation than to adopt other "anti-inflationary" proposals.

Reserve requirement legislation is expected to be delayed in committee until late spring. Last summer's law may be continued another year.

Strictly Banking Matters Delayed

There is a dim prospect even for committee consideration in 1949 of much strictly banking legislation, a wide variety of which has been proposed.

The banking committees of the two houses were overloaded at the very outset with expiring legislation. They had to deal with rent control, voluntary materials control, and export controls—all expiring legislation. One of these, rent control, was the subject of a rather keen controversy.

It was the opinion of most members of the committees that they would be lucky if they ever got to strictly banking matters, such as the question of whether there should be a change in the rate of assessments on deposits for Federal Deposit Insurance, a new law vesting the Federal Reserve Board with powers to regulate bank holding companies, whether the rules should be changed with respect to the eligibility of World Bank bonds for bank purchase, or whether the home loan banking system or the Federal Savings and Loan Insurance Corporation should have access to the Treasury.

In view of their preoccupation with the renewal of expiring legislation and the controversies on the President's program, the members of the banking committees had not focused any significant attention upon these more or less

(CONTINUED ON PAGE 122)

The Transamerica Case

WITHIN a short time the Federal Reserve Board will be opening the second phase of its hearings in its case against the Transamerica Corporation.

Last June the Board issued a complaint against Transamerica. It alleged that the corporation, a holding company, had violated Section 7 of the Clayton act by acquiring the stocks of numerous banks.

From June until February of this year the case revolved around a number of legal motions relating to jurisdiction and procedures. On February 2 the Board began the formal presentation of its case against the corporation, completing the Washington hearings by the middle of the month.

Then the Board adjourned the hearings until a few weeks later, to reopen in San Francisco. At the latter hearings the Board will continue to "make its case" against Transamerica, after which the latter can then present its case.

After the public hearings are completed, the Board will review the proceedings and decide whether it should issue an order against Transamerica to "cease and desist" from buying bank stocks. At this stage, which may be some six months away, the Board will then hold oral arguments.

If the Board still determines to issue the "cease and desist" order, then it must apply to a U. S. Circuit Court of Appeals for such an order. Until such an order is affirmed by the Appeals Court, it does not become binding.

This is the first time the Federal Reserve Board has utilized Section 7 of the Clayton Act.

The 1948 Bank Report Crop

Operations Reviewed for Staff, Stockholders, and Community

JOHN L. COOLEY

THE season for bank pamphlet reports is about over for another year, and it's time to have a look at some of the unusual, interesting ideas in format and treatment which helped make the 1948 pamphlets attractive to readers.

Most newsworthy, perhaps, is the report written for bank employees. So far few banks seem to have adopted the practice of summarizing the year for the special benefit of the staff, although numerous companies in other lines of business do so. Three examples of bank adaptation of the idea came to BANKING's desk, and some rather extensive notes on their contents are offered in this review in order that readers can see what's being done in that direction.

Numerous bank reports for 1948 carried along the trend toward good looks, fuller information, emphasis on service to the community, and general appeal to a wider circle than is provided by the shareholders. Use of color, photographs of bank personnel and premises, simple charts and graphs, pleasing typography, and skillful makeup invite, if they do not compel, a perusal of these pamphlets. The break from the traditional custom of reviewing the year in a more or less matter-of-fact manner, without benefit of newer techniques in presenting information, provides a report most recipients will open and at least glance through; and the chances are that it will be read.

The report to employees offers an opportunity for a friendly get-together between management and staff to discuss a mutual interest—the welfare of the bank. It can be a short, informal presentation, inexpensively produced, as is the case with two of those mentioned above; or, like the third, it can be more elaborate.

"Our Bank in '48"

That's the title of the attractive, chatty, and informative report issued for the 900 employees of Lincoln Rochester Trust Company of Rochester, New York, by President Raymond C. Ball.

Printed on coated paper and liberally illustrated with photographs of bank scenes and a few simple charts, it emphasized phases of the year's business which are of special interest to the staff. Mr. Ball, in a foreword addressed "Dear Fellow Worker," pointed out that whereas the stockholders had invested their funds in the bank, the employees were investors of time and effort; many of them also own shares.

The covers are a montage of staff activities; the frontispiece is a picture of the bank's chorus. The text reviews outstanding events of 1948, reports the earnings, shows their division (33.72 cents out of every dollar for salaries and wages), calls attention to the extras paid to staffers who suggest time or labor-saving ideas and to the commissions on new business, devotes considerable space (with pictures) to the work of The Graduate School of Banking, the American Institute of Banking, and the employees' association and monthly magazine.

Staff benefits for the year, the report says, totaled \$310,743.29, including an employee dividend of more than \$99,000, contributions of more than \$74,000 to the retirement plan, direct pension payments, group health, accident, surgical and life insurance, unemployment insurance, etc.

Charts show the number of employees who have been on the staff various periods of time.

"A Bank Is Its People"

The AMERICAN NATIONAL BANK AND TRUST COMPANY of Chicago gave its story to the employees with the aid of a multigraphed pamphlet that featured charts. In a foreword President Lawrence F. Stern said:

"There is something more to the bank than pure statistics and so much steel and marble. There are the people—all of us—who have made our bank what it is to our customers and the community, and who make our bank a living, dynamic, personal thing to those of us who work here."

"A bank is its people—and banking is pretty much a personal business. That is why I feel that there should be a more personal report to the staff than is represented in the usual accounting statements. There are probably questions in your mind which you would like to have answered and we want you to have these answers—to have more of the *facts* about the operation of the bank—directly from the bank itself.

"That," asserted the president, "is the reason for this report."

M.R. STERN said the bank had realized that conventional reports, which fail to emphasize the employee's viewpoint, "neither stimulate nor satisfy his appetite for information about matters of primary interest to him." Therefore in this report the American stressed the relationship of salaries to income and expenses, the employee's stake in the bank's future, and his place in its operations.

"It is our hope," he added, "that by being frank with our employees we will make each employee feel more important to the bank's progress, and more alert to changes that may mean more effective or efficient operations."

One page of charts shows the sources of the bank's income. On the page opposite the distribution of the income is set forth.

On another page the employee gets a graphic picture of his benefits: pension trust, cafeteria, special pension reserve, group insurance, recreation, education and medical, and miscellaneous. He is told: "A total of \$310 (or better than \$25 per month per employee) was paid out last year by the bank for the benefits shown above."

Other charts illustrate the bank's growth during the past decade. "This," says a caption, "is a record of accomplishment which certainly provides adequate inspiration for the years ahead."

"It shows what group cooperation and effort can do in a relatively short time."

The "Whence and Where" of Income

The FIRST AND MERCHANTS NATIONAL BANK of Richmond, Virginia, told the year's story to the staff in a page and a half mimeographed letter signed by President H. Hitter Harris.

"We report to many different groups—stockholders, supervisory agencies, taxing authorities, insurance companies, etc," he wrote. "Any of you who care to have a copy of the report prepared for our stockholders can get one upon request. In addition, we want to make this brief report to you, our employees, believing that you will be interested in knowing about the amount of income which we received last year and how it was spent.

"Our income came from interest on loans, interest and dividends on securities, trust commissions, service charges, profits on securities, and recoveries on loans previously charged off. Total income from all these sources amounted to \$2,773,222.61.

"Out of each dollar of this income we paid 33.6 cents to and for the account of our more than 350 employees for salaries (\$864,579.48), group insurance,

old age insurance, and employees' welfare. This largest item of expense goes to compensate the workers who must operate all phases of our business. The total amount paid for salaries, etc., was \$931,075.75.

"We have certain payments to make for the privilege of doing business—Federal income taxes (\$307,500), property taxes, Federal deposit insurance, shareholders' taxes, etc. This group of items last year took 18.5 cents of each dollar of income and cost us \$506,971.70.

"Payments for interest on savings accounts, rent, heat, light, supplies, traveling expense, repairs, telephones, reserves for losses, and the many other items of general expense took 21.3 cents out of every dollar of income and amounted to \$598,169.77.

"After paying the three groups of expenses mentioned above, there was left net income of \$737,005.39. Theoretically, this belongs to our 1,363 stockholders who put up the capital necessary to form our bank and which we must have on which to operate. People who invested their money in our stock naturally expect to get some return on it. We paid out to stock-

holders 13 cents of each dollar we took in. These payments were in the form of dividends and last year amounted to \$360,000. Employees received payments two and one-half times as much as stockholders received in dividends.

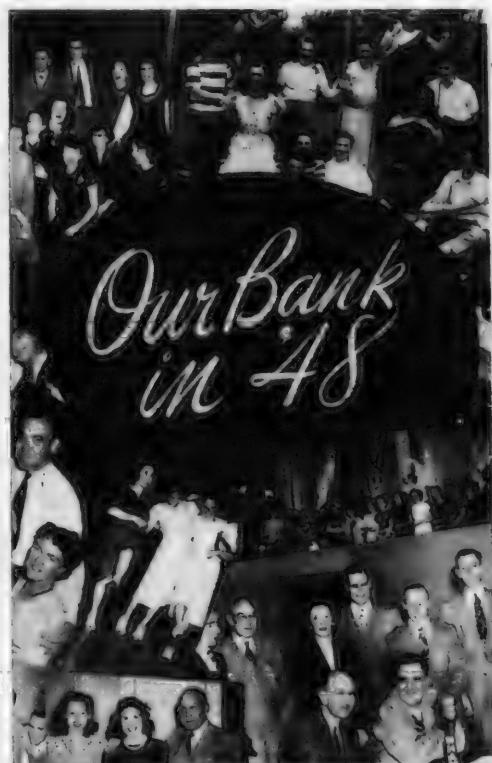
"Those operating any business enterprise, if they are wise, should think of the future and plan for it. In 'good times' some of the earnings should be set aside to take care of 'bad times.' After payment of all expenses, taxes and dividends, 13.6 cents of each dollar of income remained to be added to our surplus and undivided profits as a nestegg for the future. The total for this purpose was \$377,005.39."

Mr. Harris pointed out that the bank's management had responsibilities to community, customers, employees, and stockholders.

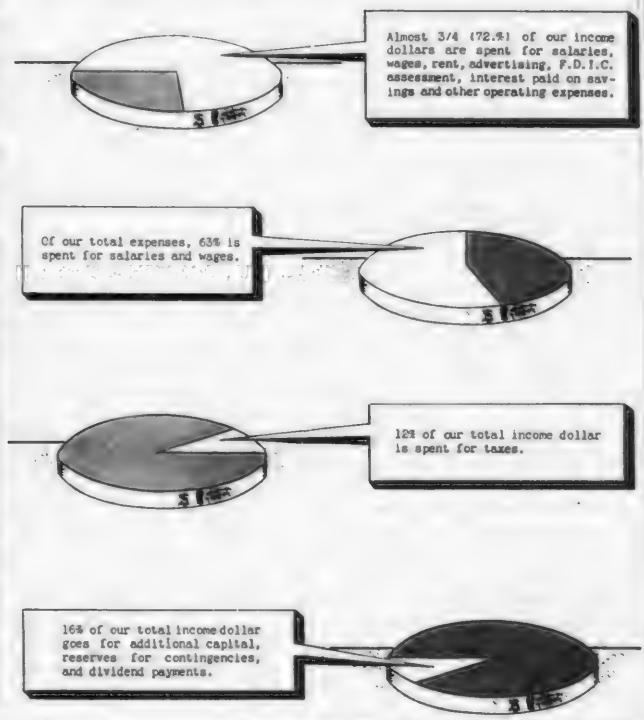
"We try," he added, "to keep our responsibilities to these different groups in proper balance—the one with the others. There is always plenty of room for improvement. Ideas for more efficient operations and savings in expenses benefit all of those interested in our bank. The officers and department heads want your helpful suggestions."

(CONTINUED ON PAGE 100)

Front cover of Lincoln-Rochester report to staff



Charts helped tell American National's story
WHAT HAPPENS TO OUR INCOME DOLLARS?



Quick, Double Taxing of Estates

An Inheritance May Be Taxed Twice

Before There Is Time To Use It

EARL S. MACNEILL

The author, an authority on estate planning, is vice-president of the Irving Trust Company, New York.

THREE'S a "sleeper" in the Revenue Act of 1948, if that word may be applied to a provision which was not designed to be concealed but which has been largely overlooked, nevertheless.

In our preoccupation with the marital deduction provisions of that act, and in the busy revision of wills to take fullest advantage of the deduction, an inconspicuous "repealer" of very considerable importance is apt to be forgotten. To explain, we will go back a little:

It has been long established in the Federal tax laws that if a person receives property upon the transfer of which either an estate or gift tax has been paid, and dies within five years after the effective date of the transfer, an estate tax deduction may be taken with respect to that property in a manner prescribed by regulations that do not need to be considered here. Thus, in effect, a grace period was allowed: humane recognition that, as a result of too rapid turnover, estates might virtually be destroyed before the final recipients came into the use of them. If there had been no five-year grace period, the following could have happened:

Husband and wife were in a car, train boat or plane, sometime prior to 1948. There was an accident; both were killed. But the wife lived a minute, an hour, a day, a week, or a month longer than the husband. The husband's estate was \$350,000; the wife's none. Husband's will was "All to my wife." Save for the law's grace, two taxes would have had to be paid: a tax of \$73,300 on the husband's \$350,000 estate; and a tax of \$52,750 on the \$277,000 estate that the wife "received" from the husband as of the moment of his death, as she lay unconscious or in pain, and possibly only a few minutes or hours before her own death. But the second impost of \$52,750 was mercifully canceled by the deduction for "Property Previously Taxed" within five years. (Tax writers call this deduction, for short, PPT.)

The Law's Grace Now Removed

Now this is what trust officers generally have not sufficiently emphasized: that, as between husbands and wives, *there no longer is any deduction for PPT* with respect to property passing by the *death* of the first spouse after December 31, 1947, or from a spouse by *gift* made after April 2, 1948. The tragic, quick double-taxing of an estate just now illustrated as a might-have-happened-were-it-not-for, etc., is very much of a potential reality under the Revenue Act of

1948; it is a partial compensation for the boon of the marital deduction. As between others than husband and wives, the deduction for PPT still stands on the statute books; as between spouses it is specifically denied.

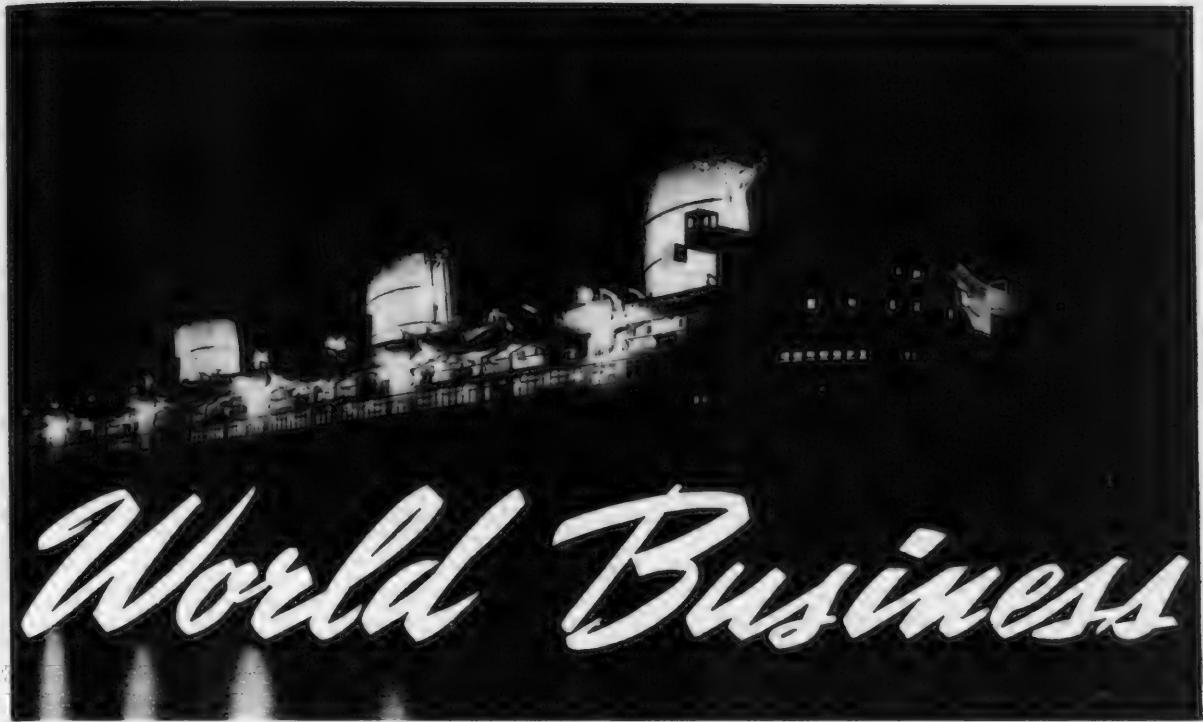
The effects of this denial upon estate planning can be vast and widespread. What pitfalls should be watched for?

Pitfalls To Avoid

This one, in particular: leaving to the wife (or husband, if the circumstances be reversed) *more* than the amount needed to gain the desired marital deduction. To illustrate: the husband is not merely content to leave one-half of his estate outright to his wife, thereby qualifying for the marital deduction in the simplest possible way. He says, "She's a good manager, so I'll leave it *all* to her outright." Whereupon the unexpected happens and there is the swift incidence of two successive taxes on the whole of the husband's estate. It was inevitable that half be taxed again, because to qualify for the marital deduction in the husband's estate it had to be made taxable in the wife's. But the tax on the non-marital residue could have been avoided through provision in the husband's will that it be held in trust for the wife's life, upon whose death it would pass to the children or otherwise as the husband's will directed.

Then there are cases where it might be better to forego the marital deduction entirely, or to take but a very small part of it. These would be cases where the husband and wife are both of advanced age, or where ill-health rules against the possibility of long survivorship, and the parties are of approximately equal wealth, so that the aggregate taxes may be *greater* through taking the maximum marital deduction in the estate of the first to die. Unless a long enough survivorship can be anticipated for income from the investment of the first tax "saved"—that is, deferred—to offset the disparity in aggregate taxes, then it may be better to pay the maximum tax in the first instance and eliminate the second tax wholly by placing *all* of the estate in trust for the spouse, with the kind of direction above described for its disposition on the spouse's death.

Thus, opportunities for the extension of trust service through alert avoidance of tax pitfalls (not to be confused with the promotion of synthetic schemes for tax evasion) exist as never before. Not merely on behalf of their customers, but in matters relating to their own estates, bank officers and directors are discovering in the trust departments of their own institutions facilities hitherto unrecognized for planning along lines both wise and *taxwise*.



"Modern Plumbing All Over the World"

HERBERT BRATTER

"Fourth, we must embark on a bold new program for making the benefits of our scientific advances and industrial progress available for the improvement and growth of underdeveloped areas."—PRESIDENT TRUMAN at his inauguration

WITH Point IV of his inaugural address, President Harry S. Truman caught the ear of the whole world, including his own Administration, which at this writing is still trying to find out how to implement the "bold new program" which would bring the benefits of our scientific advances and industrial progress to more than half of the world's people—now living "in conditions approaching misery." That definition would seem to embrace not a few in the USSR as well as uncounted millions in Asia, Africa, and Latin America. Foreign governments have not been slow to let Washington know that the "Fair Deal" appeals to them, especially as it seems to hold forth promise of dollars to follow. Yet somehow, Point IV is not so easy to grab with both hands as was Secretary Marshall's famous Harvard address.

The British, however, are looking

over the prospects with great care. Already they have colonial development projects in Capricorn Africa and elsewhere whose needs are said to exceed \$100-million. These projects have already been discussed with the World Bank in Washington. That they call for a great deal of American technical help seems rather unlikely, however.

At a press conference January 31, John J. McCloy, World Bank president, threw cold water on the idea that the World Bank can be "the great engineering and technical-skill institution" Point IV seems to call for. There is more to raising the standard of living in underdeveloped countries than just sending over some engineers, Mr. McCloy pointed out. It is a very slow and difficult process, and "the concept which seems to be prevalent that you can build a hydroelectric project faster in the jungle than you can around New

York City is one that I think has to be modified."

One thing always overlooked in public discussions of how we can raise the standard of living of the poverty-stricken world is the lack of limit on population growth. In the more crowded lands of the world, the more there is to eat the greater the number of mouths to be fed next year. Know-how and loans sent out from the United States often tend to be palliatives rather than cures for what ails the world. For those who look at Point IV as a promise of something to replace ERP when that program reaches its scheduled end in 1952, another quotation from Mr. McCloy should be taken to heart: "Little could, in my judgement, be more productive of hostility towards the United States, or little could be more demoralizing, than to have the other nations of the world over a long period

of time regard the United States Government as their principal source of foreign capital."

But, judging by our experience since World War I, there are in this country too many interests—manufacturers, labor unions, farmers—concerned with foreign markets for American "surpluses" to justify the expectation that the outflow of financial and economic dollar aid to the world will come to an end in the visible future. There may be, as Secretary of State Dean Acheson says, very great reservoirs of private capital waiting to go abroad for profit. The odds, however, still favor U. S. Government credit, whether directly or indirectly applied. At any rate, we have Secretary Acheson's word for it that Point IV does not mean we are going to install modern plumbing all over the world.

Secretary of State Acheson

To the State Department the new Secretary brings considerable background in international monetary and financial matters. During and following the war he actively participated, from his position as Assistant and later Under Secretary, in the formation and launching of the UN and affiliated organizations. At Bretton Woods Mr. Acheson was a member of the American delega-

tion, and during the subsequent congressional hearings was most effective in selling the Fund and Bank idea on Capitol Hill.

During the early days of the New Deal, Dean Acheson was Under Secretary of the Treasury, a post he voluntarily resigned after six months because he was out of sympathy with the raising of the price of gold through the use of RFC obligations. Those were the days when Henry Morgenthau, Jr., then governor of the Farm Credit Administration, Jesse Jones and Professor George Warren would meet in the President's bedroom every morning to set the price of gold for the day. Mr. Morgenthau quotes Mr. Acheson as stating coldly: "I am opposed to our buying gold. The President has ordered me to do it. I will carry out his orders." The new gold buying policy was announced October 22, 1933. On November 15 Mr. Acheson was a private citizen again. But not for long. A few years later he became Assistant Secretary of State.

Assistant Secretary of the Treasury Martin

The affable William McChesney Martin is just "Bill" to his friends in Washington—and they are a very large number on both sides of the aisles in

Congress and at both ends of Pennsylvania Avenue—but he's no "ordinary guy." The new Assistant Secretary of the Treasury is, in fact, recognized as an unusually able and keen executive. He is sure to strengthen the Treasury in its dealings with international problems. Since 1945 Bill Martin has been chairman and president of the Export-Import Bank of Washington and therefore a member of the National Advisory Council created under the Bretton Woods legislation. He has attended all Fund and Bank governors' meetings since the original one at Savannah in 1946. He was also a delegate to the Ninth International Conference of American States at Bogotá in 1948.

Mr. Martin is a man who wants to study things for himself. For several years in the 1930s he was a part-time graduate student of economics at Columbia University. Earlier he worked in the bank examination department of the Federal Reserve Bank of St. Louis. For several years prior to the United States entry into the war, he headed the New York Stock Exchange. Drafted under the Selective Service Act, he entered the Army as a private in 1941 and, in 1945, came out a colonel.

Steering the \$3.75-billion Export-Import Bank between the Scylla of political pressures for loans and the Charybdis of congressional limitations has been no simple assignment. So far as an outsider can judge, Bill Martin has passed this test of character with an "A."

The Channels of Trade

The efforts to "restore" world trade to the imagined happiness of past years seems to overlook all too often the fundamental changes which have occurred as a result of the war and post-war Iron Curtain politics. For example, Europe's ability again to become self-supporting has been seriously hampered by the surge of independence movements in Asia and by the technological progress which enabled us to win the war against Japan without access to natural rubber. It is in these directions, as much as in war damage, that the sources of Europe's "dollar shortage" should be sought.

A very useful aid to clear thinking on the dollar shortage is the essay by Professor Frank D. Graham, published in January by Princeton University's International Finance Section. The ultimate solution, Professor Graham

(CONTINUED ON PAGE 120)

When this picture was taken, ECA Administrator Paul Hoffman was testifying before a joint hearing of the Senate and House Foreign Relations committees on the necessity for continuing Marshall Plan aid to Europe beyond the time previously provided for. Hearings on this subject played to record audiences



HARRIS & EWING

Training Employees on Specific Jobs

FORDE STEELE

The author is assistant cashier, Central National Bank of Cleveland. He contributed another article on personnel management to January BANKING.

EXPERIENCE has proved that a well trained bank staff contributes greatly to the control of costs. The management of far too many banks permits new or transferred employees to learn on a "catch-as-catch-can" basis. These bank officers dodge their responsibility because they cannot seem to find the time to do an effective training job or because they do not realize how important an adequate training program is. Some banks have a fine "indoctrination" program but forget entirely that it is even more important to the worker and to the bank for the new employee to learn his "specific" job as quickly and as thoroughly as possible.

The Effect in One Bank

We in the Central National Bank of Cleveland believe that an effective program of training employees on specific jobs helps maintain production by standardizing procedures, improving quality and quantity of performance and by helping to get work done on time. It bolsters morale and reduces turnover by preparing employees for advancement, increased earnings and greater security. Training enables management to spend more time on the work for which it is employed by virtue of the fact that less time need be spent correcting errors, explaining them to customers, and worrying about what is going to happen next. In addition, training builds customer goodwill because there are fewer errors, customer service is faster and more accurate, and a friendly atmosphere is generated when employees know their jobs.

Obviously the first step in any training program is to determine the training needs of the particular institution. The personnel inventory and training timetable is designed to enable the executive officer or department head of a bank to bring together the facts concerning his manpower situation. The names of the various positions in the bank or department are listed across the top of a columnar sheet, extending the columns as far as is necessary. The employees' names are listed down the left-hand margin. In the larger banks a sheet is prepared for each department or section. The use of the training timetable is a part of the Job Instructor Training program offered to banks by the American Institute of Banking.

How To Use the Timetable

The key to marking the chart is in the upper left-hand corner of the sample shown on this page. A check mark denotes the present job or responsibility of the individual. An "X" is used to show that a person can perform a particular operation on a relief basis. The "-" indicates that we do not wish to train these persons on these jobs. The "O" indicates that we intend to train, but we are not yet sure.

just when it will be done. The appearance of a date in a column signifies that we plan to have the person trained to perform the job by the date noted.

Referring to this hypothetical timetable, it will be observed that the work of handling commercial and savings activity is very well covered. Two individuals have the opening of commercial and savings accounts as their regular assignments; two others can open them on a relief basis, and one more is scheduled for training. We notice that the renting of safe deposit boxes, while the present responsibility of one person, can be performed by two others, and a fourth is scheduled for training. However, when we look at the handling of escrows, and the accepting of mortgage and commercial loan applications, it is apparent that only one person can handle each of these functions. Thus, definite training plans are made and a schedule set down for training other qualified personnel to perform the duties where the coverage is not sufficient.

It is, of course, conceivable that experienced supervisors would consider such a chart as unnecessary, because they believe they know what the individuals in their bank or department can do. It is surprising, however, how frequently putting things down on paper helps to bring to light hitherto unknown facts, or facts which have not been given sufficient consideration.

**When someone is absent from the department or office,
(CONTINUED ON PAGE 98)**

A personnel inventory and training timetable



At the New Jersey Bankers Association's farmer-banker luncheon in Trenton. William J. Kinnaman, chairman, NJBA's agricultural committee, behind microphone; Association President Frank F. Allen is at Mr. Kinnaman's left

News for Country Bankers

Selling Services . . . Bank Operations . . . Legislation . . . Research . . . Better Farming

This selection of news affecting various aspects of country bank management was compiled by MARY B. LEACH of BANKING's editorial staff.

Figures and Facts on Soil Surgery

SHOULD history repeat itself next summer, many country bankers will find themselves helping to stage one- and two-day soil conservation demonstrations, such as was held on the Hope farm at Pocahontas, Missouri, last August.

Facts and figures received from Clyde D. Harris, president, First National Bank of Cape Girardeau, Missouri, who was co-chairman of the Chamber of Commerce committee sponsoring the Pocahontas "Soil Security Day" demonstration, reveal that underwritings, donations, and income from 4-H Club and Junior Chamber of Commerce concessions amounted to \$11,381.17, while operating expenses amounted to \$8,645.05, leaving an excess of \$2,736.12. The expense item does not include contributions of machinery and labor, which, if approxi-

mated in dollars and cents, would be equivalent to a sizable sum.

After paying the 4-H Clubs \$1,254.09 and the Junior Chamber of Commerce \$297.71 for operating the lunch and soft drink concessions, the chamber had left \$1,184.32 to return to underwriters on a pro-rata basis.

Included in the expenses was an item of \$800 to cover the cost of producing a sound moving picture of this project for use in country schools and in other missionary work in the interest of soil conservation.

It is estimated that 22,000 people visited the 386-acre Hope farm during the demonstration. From dawn to dusk 229 pieces of farm equipment, excluding trucks, were at work on the gully-scarred, sheet eroded hillsides, putting into effect the latest in conservation methods. While no official estimate of the value of the farm at the conclusion of the rehabilitation is available, unofficially it was reported to be worth between \$5,000 and \$10,000 more at night than it was in the morning. The day's demonstration required the assistance of approximately 1,000 work-

ers, supervised by 22 committees set up to plan and supervise the undertaking. Publicity on this project was channeled through 148 newspapers and 26 radio stations.

Further information on this and similar projects may be found on page 54 of September 1948 BANKING.

Three-Point Credit File Need

THREE hundred bankers, farmers, farm leaders, county agricultural agents, and others attended the second annual farmer-banker meeting in Trenton, sponsored by the agricultural committee of the New Jersey Bankers Association in cooperation with the New Jersey farmers' week.

Nicholas A. Jamba, manager, agricultural department and vice-president of the National Bank and Trust Company of Norwich, New York; Milton C. Tice, Deerfield farmer; and Dr. Kenneth Hood, professor of agricultural economics, Pennsylvania State College, were the principal speakers. Mr. Jamba's topic was "Farm Accounting and Why," Mr. Tice spoke on "The Farm-

er's Viewpoint," and Dr. Hood on "The Outlook for Farming."

"Every bank should have a complete credit file on each of its farm customers," said Mr. Jamba. "The file should contain annual statements of the financial condition of the farmer and an operating statement to show how and from what source the farmer receives his income to retire any loans he has or needs; any other supporting or supplementary information to provide as complete a report about each farm business as it is possible for the bank to obtain."

Mr. Jamba gave three reasons why such information is important. First, it gives the banker more definite tangible information on which to base an opinion when a farmer needs financial assistance; second, should a banker decline a loan, the farmer's file enables him to discuss intelligently with the customer the reasons why such a decision was necessary; and, third, a banker with accurate and current credit files on each of his farm customers can be of better service to the farmer over a long period of time. "Farming," he said, "is just as much a business as any other type of commercial activity."

Agricultural Commission to Meet

THE Agricultural Commission of the American Bankers Association will hold its mid-year executive meeting at the Hotel Muehlebach, Kansas City, Missouri, March 7 and 8.

The Commission will review activities of its 1949 program, which includes, among other projects, increased bank support of soil conservation; publication of a youth activities manual for banks to encourage bankers to do a better job for 4-H Clubs, Future Farmers of America, and other groups of young people; and a discussion of developments in agricultural credit which affect banks. Among these subjects will be bank participation in the Commodity Credit Corporation farm price-support loaning program.

Charles T. O'Neill, vice-president and trust officer of the National Bank and Trust Company, Charlottesville, Va., is chairman of the Commission.

Visits to Farmers Build Confidence

TO handle its farm business and do justice to its customers, The Culpeper National Bank, Culpeper, Virginia, selected Richard E. Jones three years ago to head its new farm depart-

ment. Previously the bank had found it difficult and unsatisfactory to attempt to make farm loans without having a closer working arrangement with its customers. "Farmers," said President Giles H. Miller, Jr., "appreciate visits from their banker and have more confidence in him when he comes to the farm for firsthand information on his land, buildings and equipment."

Before starting the new agricultural department, Mr. Jones went to a number of banks which had farm representatives to get suggestions for setting up procedures at Culpeper National. His work includes contacting and assisting farm customers with their operating problems, selling new loans and other services, and servicing loans already held by the bank. He spends about three-fourths of his time outside of the bank, calling on customers, attending farm meetings at the national, state, and county level.

"We are very much pleased with the operation of our farm department," Mr. Miller said, "and I feel that the farmers of this county are very much pleased with its services. It is difficult to put a finger on the direct results, and we have not attempted to do so. We realized in the beginning that it would be a long-time program and we decided not to count the cost and use that as a measuring stick."

"Mr. Jones speaks the farmers' language, and, having been on their farms, knows what they are talking about. The bank owns the car used by the farm representative, which we find works out more satisfactorily than to pay mileage."

Mr. Jones was born and reared on a farm successfully operated by his father and holds a B. S. degree from Virginia Polytechnic Institute.

Pasture Improvement Contest

THREE awards — a \$50 U. S. Savings Bond and two \$25 Savings Bonds — are offered by the Security Bank of Edgefield, South Carolina, in a county-wide pasture improvement contest co-sponsored by the bank and agricultural agencies.

Recognizing that livestock production was a vital need of the county and that such production was dependent upon good pastures, the Security Bank started cooperating with the county agent in this project several years ago.

Rules stipulate a three-acre minimum, adequate fencing, fertilization,

etc., and that the improvement noted in the pasture development will be one of the important factors in determining winners.

R. H. Norris, executive vice-president of the bank, has served as his county's key banker for a number of years.

100-Bushels-Per-Acre Corn Club

THE Mississippi One Hundred Bushel Corn Club was chartered at State College in December. An unprecedentedly large number of farmers entered the 1948 100-bushels-or-more contest cosponsored by the Mississippi Bankers Association, State College, Extension Service, and other agencies. At the founding meeting of the corn club, 370 adult farmers were honored. Each was a producer of 100 or more bushels of corn per acre in demonstrations last year.

R. N. Edgeworth, a 77-year-old watermelon and sugar cured meat champion of Lee County, averaged 185 bushels per acre on a slightly over two-acre demonstration, and was top producer reported in the state.

Eleven other club members produced yields averaging from 141 bushels per acre to 154.7 bushels.

A certificate of award was presented to each farmer who had reached the 100-bushel goal by Lowery G. Simmons, of Pontotoc, chairman of MBA's agricultural committee. MBA President Frank E. Allen, of Canton, and Secretary Leigh Watkins, of Jackson, also were present and officiated at the club christening.

"Special Loan" Data Files

WHEN a borrower comes into your bank seeking a loan on a warehouse receipt, are you prepared to handle this type of loan with a minimum of delay?

Few bankers in the average village or small city of less than 50,000 population get that kind of loan very often, explains R. A. Bezoier, vice-president of the First National Bank of Rochester, Minnesota. So he maintains a general information file in which all material on warehouse receipt loans is kept together in a single file. This consists of tear sheets of magazine articles, typewritten copies of chapters from books on the subject, A.B.A. manuals and letters, excerpts from legal opinions, etc. This file is open to all of the officers of the bank.

"If I am asked to draw up a subordi-

nation agreement," he states, "I go over to the filing cabinet and look up the file under the heading of subordination agreements. It takes about a half minute and gives me a wealth of authentic information about this subject. That enables me to rush this loan along, knowing that I have the opinions of experts on the matter at my disposal within a matter of seconds, or minutes at most. This is a big factor in handling unusual types of banking business satisfactorily and with a minimum of delay. I know exactly how to proceed with something that I may not have handled in three or six months."

Mr. Bezoier feels that a central information record file is very valuable to country banks or those in small cities lacking specialists on types of loans rarely handled.

Meeting Government Competition

THE National Bank of Sterling, Illinois, has found an effective way of competing with strongly entrenched government lending agency competition.

"One of the easiest and quickest channels to regain rural business is through children of farm families," Vice-president C. O. Daggert states. "This accomplishes a twofold purpose. It helps to regain the confidence of the parents and it gets young farmers into a frame of mind for doing business with the bank in the years to come. Furthermore, it definitely goes a long way in creating friendly public relations with our agricultural community."

The Sterling bank sponsors beef cattle projects and also assists boys and girls with swine projects. The bank purchases the calves in October and permits the 4-H and FFA members and their leaders or teachers to select calves at leisure. The youngsters have the privilege of either paying for their calves at the time or borrowing the full purchase price from the bank. The note is signed by the club member, together with his father or mother.

Once all the calves have been turned over to farm boys and girls, the feeding and supervision become the joint responsibility of the children and their 4-H leaders, high school agricultural teachers, and parents.

Annual Visit to Customers

ASUCCESSFUL program of getting and retaining farm business for the Security State Bank of Cannon Falls,

Minnesota, is based upon paying each rural customer at least one call during the spring and summer months. President D. Fay Case explains his bank has about 800 depositors, the majority being farmers, and he likes to be on a "first name" basis.

"My visits have a twofold purpose," he explains. "First of all, it gives me a chance to let the farmer know we appreciate his business and want to retain it. It's a rare farmer who doesn't seem pleased over a friendly visit from a banker. Then, too, the visit gives me a chance to see what kind of a job the farmer is doing. I like to check up on certain details. For instance, it's easy to determine whether or not the farmer is alert and progressive by looking at his buildings. If they are in a good state of repair, that's fine. If not, I give that farmer a mental demerit slip. And if he allows his machinery to stand out in the field, exposed to rain and snow, I'm skeptical of that man's intentions of making good on the farm."

Mr. Case also likes to know the calibre of the farmer's wife. "A woman will either make or break a farmer," he declares.

In his confidential reports, he usually mentions the type of wife that a farmer has as helpmate. He believes it's an important clue in determining whether or not a farmer is a sound prospect for a loan. He advises farmers to let their wives know how things are going in order to prevent misunderstandings.

Along with a number of other Cannon Falls business people, Mr. Case gives a complete farm income record book to his customers. He counsels them to keep careful records of their receipts and canceled checks to assist them in preparing their Federal income reports.

Credit Files Facilitate Loans

THE farm service activities of the Farmers & Merchants State Bank of Fredericksburg, Virginia, are supported by a continuous advertising campaign, which includes daily advertisements in the local newspapers, two spot radio announcements each day, and the inclusion of direct mail folders with monthly statements.

The bank's directors are kept abreast of the functioning of the farm service department and the bank gets constructive criticisms and suggestions from the directors. At meetings of the discount committee the over-all business situation is canvassed and the directors and officers exchange information that is mutually helpful. "Our relationship with our directors is most satisfactory in this respect," said Mr. Pates.

The Farmers and Merchants has set up farm credit files on some of its customers, which facilitate Mr. Pates' making "on-the-spot loans" as he calls on customers and at auctions. Where these files have not been established, auction loans must be prearranged. The bank finds these files invaluable in comparing periodic statements.

"In working with 4-H Clubs," said Mr. Pates, "we hold meetings, award the outstanding prize at each county fair in our territory, and we make unsecured loans to any member who is recommended by his county agent. We assist FFA chapters in borrowing money to establish their own credit as a group of young farmers. This whole project can be summed up by saying that we answer almost any request they present to us. We believe a lot of new business can come from youngsters."

The bank has offered to hold school classes on banking, credit, or any related subject. It has been called upon to assist veterans' classes and has done so on various occasions. In 1948 one of the bank's main projects was the promotion of a soil conservation program. It sponsors an artificial breeding association for dairy herd improvement, which claims a good share of Mr. Pates' attention. It maintains a customer card information file.

(CONTINUED ON PAGE 118)

The New "Farm Real Estate Financing" Manual

BANKERS grappling with the increasing complexities of farm mortgage lending will welcome a new tool to add to their techniques kit. It is the new *Farm Real Estate Financing* manual produced under the direction of the Agricultural Commission and Country Bank Operations Commission of the American Bankers Association.

Aside from a dozen or more outstanding country bankers who lent a hand in the manual's development, representatives of the U. S. Department of Agriculture, Federal Reserve banks, FDIC, Office of the Comptroller of the Currency, state supervisory agencies, Equitable Life Assurance Society of the United States, and agricultural colleges made valuable contributions.

The purpose of the manual is not to encourage country banks to make more farm mortgage loans, but to help them make sounder loans. It "spells out" a plan that country banks may follow in making this type of loan. Policies and procedures of banks with successful farm mortgage lending records were carefully scrutinized and the best features were borrowed and adapted in setting up the essentials of this plan.

Farm Credit Outlook

Circumstances mentioned by the framers of *Farm Real Estate Financing* which they believe will cause farmers to continue to use more credit in the future than they have in the past are:

"(1) The average size of the typical family farm is increasing. With more modern labor-saving machinery, one family now can and should handle a larger business than formerly. This means a larger investment of capital in the typical family-sized farm.

"(2) Because of technical developments, the average farmer has larger capital requirements for equipment to handle a larger farming operation, to carry on conservation, insect and disease control, and for other sound farming practices.

"(3) Most farmers who buy U. S. Savings Bonds do not cash them. They want to hold them until they come due. Instead they borrow for their needs and use the banks as a source of credit.

"(4) A large number of farms are being operated by men well past normal retirement age, and it will require a large amount of credit to transfer these farms to younger men."

Step by step the manual steers the lending officer through the shoals and along the precipices of farm lending. It starts off with an analysis of the claims of the farm family on income and the effects of price changes on earnings. Among the photographs, tables, and forms used to give emphasis and clarity to the text is a table showing the amounts of various agricultural products required to pay \$1,000 of debt in the years 1919 through 1948.

Farm Mortgage Application

While urging banks to adopt farm mortgage application forms suitable to their individual needs, a sample application form is reproduced for the guidance of bankers everywhere. The sample includes a detailed financial statement covering property owned, debts owed, miscellaneous family and property information, fees incurred in the processing of the



Farm appraisals should include pictures to show condition of farm buildings, says the *Farm Real Estate Financing* manual

loan, and concludes with a loan committee's synopsis of the loan, showing the amount, interest rate, amortization schedule, insurance coverage, etc.

"Every farm mortgage loan should have a *pay day*," says the manual in a discussion of the amortized loan. "The loan contract should permit the borrower to pay faster than the contract calls for. Loans made during periods of high income should provide for rapid repayment until reduced to an amount that can safely be carried during times of lower farm income."

In a clarion call to "appraise the man and the land," of equal importance in the opinion of the authors, it is stated that "a sound appraisal of a farm enterprise includes: (1) Inspection of the soil, topography of the land, and farm buildings, to secure an accurate idea of their physical productivity; (2) consideration of the equipment and the managerial ability of the farmer himself, to get some idea of how well the soil is likely to be employed; and (3) check of roads, churches, schools, and availability of markets, because they affect the stability of the farm."

Normal values of farm real estate are defined by the manual as being "values based upon farm commodity prices that are expected to prevail when economic conditions are reasonably well balanced and free from serious inflation or depression. Careful bankers will take an intermediate point of view and make an effort to forecast farm values consistently, so that their extension of credit will be helpful in the long run."

One of the tables shows the average United States farm prices for some principal commodities for three base periods. It is explained by the authors, when introducing this table, that they do not intend to make long-term forecasts of prices, but rather to present the averages for various stable periods, and that the table is included to help bankers arrive at a level of prices for use in their appraisals.

Making an Appraisal

The importance attached to making an appraisal of farm properties and setting up appropriate records is emphasized by the generous coverage devoted to this subject.

In an examination of "Records That Make Up a Sound Appraisal," the manual states that "a bank's appraisal report should be supported by adequate records that can be

made available to the bank officers and directors to support the appraisal." Mention is made of land classification, soil, and aerial photographic maps, and photographs of all farm buildings as items to include. Another important part of the report is a record of the farmer and his family—their abilities and attitude.

"This (family) record should enter into any appraisal as one of the major considerations in determining the amount to be loaned," says the manual. "An appraiser should consider the farmer's ability as a manager, supervisor, and worker. He should consider the farmer's methods, experience history, financial progress, and family cooperation."

Since the earning power of a farm depends largely upon the productivity of the soil, a thorough analysis of the soil is suggested.

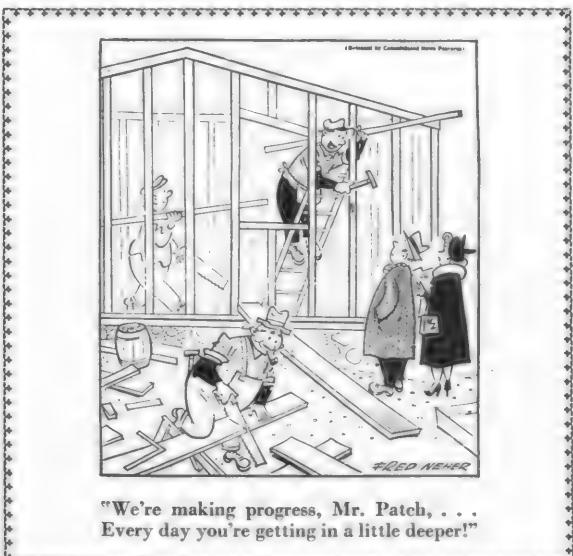
The Appraisal Report

A check list which enumerates a multitude of things to be observed in making a complete appraisal report is included under these main headings: Acreage, location, markets for important products, climate, topography, soils, orchard, timber, layout, building layout, water supply, houses, barns, productive capacity, and taxes.

When it comes to the actual framing of the report, the manual makes specific suggestions, stating that "every bank making farm mortgage loans should have an appraisal report form to guide the appraiser in his investigations." It states that many bankers feel that since they are lending in a very limited area their forms can be brief, but that there "is a tendency to make them too brief and to omit essential information that should be developed by those determining the values and the amount of credit to be extended."

Three types of appraisal forms are shown. The first is a lengthy one that has been used successfully by many banks; the second is a two-page (front and back) affair; and the third calls for very limited information, although adequate in some cases. It is felt that the two-page form provides the minimum information that a bank should have in its file to support its appraisals of farm mortgage loans. *This form and the mortgage application form previously mentioned are available to bankers on request.*

An example of how an appraisal was made on a 231-acre



"We're making progress, Mr. Patch...
Every day you're getting in a little deeper!"

farm is given step-by-step to show banks how to follow through on this operation.

GI Loans

Two of the planks in the Agricultural Commission's platform for the past several years have been soil conservation and the encouragement of country bankers to cooperate with the Veterans Administration in making loans to GI's on a sound basis.

"Every precaution should be taken to protect veterans against contracting excessive debts," says the manual. "All of the principles for making sound mortgage loans discussed in this manual apply to GI farm mortgage loans."

In its discussion of loans for soil conservation, the manual states that "the bank's operation should be flexible, and each loan should be tailored to meet the needs of the individual farm. The actual work of measuring the probable results of a conservation farming system, in terms of added farm income, requires expert knowledge and experience." It is suggested that the banker contact his county agent, conservation technician, and supervisor of the conservation district of his trade area for advice.

Complete Loan File

In the concluding pages, the manual takes up the subject of the completed loan file, stating:

"When all the things have been done that are listed, and when the individual farm loan has been completed, the papers of each loan should be put in a so-called 'completed loan file' and kept as a record to substantiate the loan.

"A file containing a complete set of all papers necessary to one transaction assures permanency and continuity of service to the borrower. Well kept loan files enable the bank to have an accurate and historical record of the character and financial ability of its borrowers, and are in harmony with policies of sound bank management.

"A complete loan file should contain all the forms that have been used in making and completing the loan, including the application and the appraiser's report which were previously discussed. It should also contain the note and mortgage, and all other forms considered in this chapter. In addition, special emphasis should be placed on having the file include all inspection reports and credit records.

"Periodic credit and operating statements should be obtained to show not only the status of the farm mortgage, but also the borrower's other financial obligations and affairs. Records such as land-capability maps and aerial photographs, if available for the borrower's farm, should also be in the file.

"The loan file should contain pictures of all farm buildings. They will add greatly to a comprehension of the type of farm that is offered as security on the loan. In many instances, it would be advantageous to have a panorama photograph of the farm or certain of its fields.

"An inspection report [such as is suggested in the manual], for the bank to use in servicing loans is one of the most important parts of the completed loan file. It is concrete evidence that officers and directors of the bank have current knowledge about the farm on which the bank has loaned funds.

"When all of the papers have been signed and the bank makes available the funds on a farm mortgage loan, only a beginning has been made in the relationship between the banker and his farm customer. This relationship may extend

(CONTINUED ON PAGE 106)

A Bank-Farm-Industry Program

HAROLD SEVERSON

The author is a regular contributor to
BANKING of articles on agricultural
subjects.

STRICLY from a hard-headed "dollars-and-cents" standpoint—with regard to the goodwill phase—does it pay a bank to engage an agricultural representative to work with farmers and Government agencies? In other words, do the returns justify that employee's salary and travel expenses?

Take it from the First National Bank of Austin, Minnesota, the answer is an unqualified "Yes!"

This progressive Minnesota bank engaged a former Iowa county agent—R. F. Lichy of Humboldt County, a graduate of Iowa State College—to work with farmers. That was seven years ago. Since then Mr. Lichy has been promoted to a vice-presidency, largely in recognition of his work as a field man.

About three years ago, the First National began a strenuous campaign to get more farm loans. Being a national bank, the restrictions on long-term financing had hampered its real estate lending. However, the bank got around this by teaming up with a large insurance firm on a two-year take-out plan. The bank carries the loan for two years and then the insurance company takes over.

"We've built up a half-million dollar business with this type of lending program," Mr. Lichy said. "It has enabled us to collect two years of interest on loans that otherwise we would not be able to carry. We handle the loan applications and make appraisals and inspections before approving the loan. It's then taken over by the insurance firm's representatives who make the final decision. In this way we have built up a large volume of both rural and city real estate loans. This type of loan is very liquid, for we could assign it tomorrow. Now we can handle any kind of a loan request."

An advantage of this type of loan is that farmers continue to patronize the bank even after the insurance firm has taken the loan.

Austin is the home of the big George

Thinking back over the progress achieved by the bank in the past seven years in rounding up more business, among rural customers, Mr. Lichy declares emphatically:

"It pays to make farm calls. You may not always win a customer the first call on a farmer or even the second or third time. But if you continue to take an interest in the farmer, it will not be long before he is taking an interest in you and the bank. Once he starts coming to your bank, give him good service. It takes a personal touch to win farm business. It's a little extra work but it pays mighty big dividends."

A. Hormel & Company packing plant, with its unique guaranteed annual wage plan which assures stability for both employees and merchants in the town. Hormel specialists are busily at work helping farmers to do a better job of raising hogs, sheep, and feeder cattle. In addition, County Agent F. L. Liebenstien, vocational agriculture instructors, veterans' instructors and others are engaged in programs that will make livestock farming more productive.

"We figured that the bank's program should be dovetailed or correlated with those of Hormel, the county agent, and other agricultural workers," Mr. Lichy explained. "It's true that we could have worked up a program sponsored solely by the bank, but we didn't see the need for it. The Hormel Foundation, for

Mr. Lichy talks with a customer about his farm management problems



example, is doing a splendid job of getting farm boys to raise pedigreed stock. In cooperation with the county agent, Hormel employees are conducting clinics to teach both adults and youths to practice modern methods of feeding and managing livestock.

"We felt that our bank should take an active role in these events," Mr. Lichy continued, "so we contribute trophies and prize money. In addition, I've been asked to help shape plans. I act as chairman of the judging committee for the county fair, lining up the judges and securing the ribbons. With two other fellows, I helped shape plans for the Midwest Fat Steer Show. That has been acclaimed as a practical idea because it gives the average adult cattle feeder a chance at some important prize money. Instead of merely showing beautifully marcelled steers for top prizes, the contestants also agree to let their steers be slaughtered so that they can be judged on a best carcass basis. It isn't always the most beautifully fitted steer that wins in this kind of a contest. That's why we feel a show of this type is really an educational show."

Although the First National works with adult farmers, it doesn't neglect 4-H and FFA workers.

To get to know more about feeder cattle programs, Mr. Lichy has accompanied Hormel buyers to Montana to study the cattle programs followed in that western state.

As a special service to farmers, the bank has been distributing a large number of University of Minnesota farm record books. Purchased in great quantities, the books cost the bank only 25 cents each.

"We found that a large percentage of farmers were not keeping systematic records," Mr. Lichy explained. "We felt that it would be a good business policy on our part to get farmers to using them. So we take time out to explain the value of keeping detailed records for their income tax reports and suggest that they use the books with our compliments. Each copy has the name of the bank printed conspicuously on the front cover."



Lobby of the First National Bank & Trust Company, Northport, N. Y.

VAN ALST

Bank Building Case History

WILLIAM P. BOGIE

ADDED efficiency and better appearance through bank modernization have nothing to do with the size of the community or the deposit volume of the bank. Better lighting, better sound treatment and better arrangement of working space are just as important to the employees and customers of the smallest institution as to those of the largest.

In Northport, New York, a town of about 4,000 population on Long Island's north shore, about 40 miles from New York City, the First National Bank and Trust Company found that its quarters were inadequate in several respects. The bank serves, in addition to Northport, several neighboring communities and many employees at a nearby veterans' hospital.

For one thing, the bank's service to its community is mainly to individuals. Only a few of its accounts are very large ones, and its loans are mostly to individuals and small businesses and are amortized. Consequently, a great many persons visit the bank regularly. The traffic problem involved, before the modernization job was completed last fall, may be seen in the fact that deposits increased from \$1,630,013 on January 1, 1941, to \$5,253,225 on the same date in 1948. On the former date there were 2,209 interest

accounts and 1,086 checking accounts. Seven years later, at the beginning of 1948, there were 3,334 interest accounts and 2,016 checking accounts. The number of officers and employees had increased from eight to 15. Yet they were still trying to serve their increased volume of business in quarters designed and built in 1924.

The design of the existing lobby was, itself, bad—even if
(CONTINUED ON PAGE 108)

View from the main entrance



BANKING

The Investment Market

Governments—Other Securities

Government Bonds

MURRAY OLYPHANT

The author is a member of the faculty of The Graduate School of Banking and a Government bond and money market specialist.

Market Behavior

STEADILY from week to week during January, the market demanded more U. S. Government securities than were available from other than Federal Reserve portfolio sources. As a result, not only was there a decline of \$1,308-million in the total of U. S. Government securities held by the Federal Reserve banks, but all maturity classifications were lower for the month, the greatest decline being in the longest category and amounting to \$669-million. Federal Reserve holdings of these longer bonds—by January 26—declined about \$1-billion from November 10, 1948, when the market started to improve. In the face of this supply, price improvement occurred throughout the list as tabulated:

		Change from January 3 to February 1
<i>Fully Taxable Issues</i>		
"Bank"	2½% Bonds 9-15-67/72	+18/32
	2¾% Bonds 9-15-56/59	+17/32
	2½% Bonds 3-15-56/58	+13/32
	2% Bonds 12-15-52/54	+ 5/32
<i>Partially Taxable Issues</i>		
	2¾% Bonds 12-15-60/65	+20/32
	2¾% Bonds 9-15-56/59	+14/32
	2¾% Bonds 3-15-55/60	+10/32
<i>Issues Ineligible for Commercial Bank Purchase</i>		
"Victory"	2½% Bonds 12-15-67/72	+ 8/32
	2¾% Bonds 12-15-59/62	+10/32

These price gains were achieved during a period in which, for the most part, "Federal funds"—which are the day-to-day barometer of money conditions in the money centers—were scarce, the bid at times reaching 1½ percent and seldom being available at less than 1 percent. Nevertheless, consistent absorption seems to give evidence that general opinion is satisfied that no further rise in money rates can be expected and that, therefore, portfolio adjustments of a nature which will improve income are desirable.

IN the annual review entitled "United States Government Securities and the Money Market," published last month by the bond department of Bankers Trust Company, the belief is expressed that interest rates during 1949 will probably remain comparatively stable at about present levels and that sales of Government bonds to the Federal Reserve banks will be substantially less than during the past year.

The bank finds no further need for credit restraints at the present time, since the postwar inflationary boom has passed its peak and since a slackening of industrial production and a moderate decline in business activity also appear to be in prospect.

Who Bought the Bonds?

The buying seems to have come from several sources. The *Monthly Review* of the Federal Reserve Bank of New York reaches the conclusion that insurance companies were not a factor, but that savings banks, both because of increasing deposits and because of "increases, actual or prospective in dividend rates" paid to depositors, not only increased their total holdings of Government securities, but also in some cases reversed previous operations which had shortened their maturities.

So far as the commercial banks are concerned, the figures for the reporting member banks as between December 29, 1948 and January 26, 1949, showed a rise of \$424-million in the total amount of Government securities held, \$236-million of the increase being in the bond category as tabulated.

U. S. Governments Held by Reporting Member Banks (000,000 omitted)

		12/29/48	1/26/49	Change for Period
Treasury bills.....		\$ 1,807	\$ 2,036	+\$229
Treasury certificates and notes.....		6,586	6,545	- 41
Treasury bonds.....		24,594	24,830	+ 236
		\$32,987	\$33,411	+\$424

However, the reporting member banks account only for a little over 50 percent of the Government securities held by all commercial banks and only 435 banks out of about 14,500, so that a great many transactions could take place and not

show up in the monthly figures. Moreover, it seems quite possible that "other" holders in some cases may have lost their apprehension over the immediate future course of prices.

Credit Supply Factors

Throughout January, an offset to the credit restrictive effect of sales of Governments by the Federal Reserve was the seasonal return flow of circulation, which from December 26, 1948 to January 26, 1949, amounted to about \$1-billion. After the middle of the month, however, income tax payments began to raise the Treasury deposit at the Federal Reserve, a development likely to continue more or less during the first quarter of the year if tax receipts are as great as anticipated. That they should be is clearly forecast by the receipts for the first half of the current fiscal year, in which total income tax collections, both personal and corporate, were \$17,849,000,000, an increase of about \$438-million over the same period one year earlier.

A substantial increase in the Treasury balance at the Federal Reserve freezes credit. As an offset, suggestions have been made that the possibility existed that some part of the \$3,547,000,000 of 1½ percent certificates maturing March 1 might be paid off in cash to release funds.

Treasury Refunding Operations

The \$2,189,000,000 1½ percent certificates maturing on February 1 were replaced with \$1,993,000,000 1¼ percent certificates maturing February 1, 1950. Holders of \$196-million of the maturing issue did not accept the exchange offer. This is a little less than 9 percent, but a somewhat higher turn-in than for previous exchanges.

The January 6 maturity of \$1.1-billion of Treasury bills was replaced with a new issue for \$1-billion, but no reduction in the amount outstanding was made for the balance of the month. The rate appeared to have stabilized at 1.16 percent, that being the average price for four successive weeks.

The Trend of Loans

Because the trend of loans is possibly the best road sign leading to either further inflation or deflation, it is worthwhile noting that for January 1949 loans for the reporting member banks declined \$255-million, as compared with a rise of \$66-million during January 1948. The changes in the various loan classifications for the month in each year were:

Loans	Change		
	From 12/29/48	From 12/31/47	
	To 1/26/49	To 1/28/48	
Business.....	- 54	+ 77	
To carry securities...	- 180	- 189	
Real estate.....	+ 22	+ 57	
To banks.....	- 6	+ 74	
Other loans (chiefly consumer).....	- 37	+ 47	
Net change.....	- 255	+ 66	

Eliminating the loans to carry securities, the net changes showed a decline of \$201-million for January 1949 as compared with a rise of \$88-million for January 1948.

1949 Refunding—What?

For the balance of 1949, a total of \$6,181,000,000 Treasury bonds may be called. What they are and who are the

(CONTINUED ON PAGE 110)

Other Securities

H. EUGENE DICKHUTH

The author is a financial writer on the New York Herald Tribune.

WHILE the Government securities markets have remained buoyant and orderly under repeated assurances by the fiscal authorities and skilful pegging operations by the Federal Reserve's open market committee, the rest of the investment markets have labored under the impact of a new and sudden "recession-psychology."

Just why this should have occurred at the time it did is everybody's guess and is reminiscent of the notes of gloom sounded in preceding years when gray winter skies and snow storms depressed mortal souls. The fact remains, however, that there is some expectancy of difficulties in the business community.

In its mildest form, this is known as an anticipation of "a general readjustment from a seller's to a buyer's market." The official view, while acknowledging the "readjustment," takes cognizance more of the potential inflationary dangers than those of deflation.

Traders, entitled to and proud of their own opinions, did not always share this view. The markets for equities turned in the most discouraging performance of them all. Trading was listless and values declined on many days. This baffled many laymen and even experts. What is often forgotten is that trading markets today have little resemblance to those of yesteryear when income taxes were low and a relatively small group of traders bought and sold at a profit.

The general public's participation in the securities markets is proportionately narrow today, but securities are much more widely distributed than ever before; holders buy to keep and not to trade. The bulk of buying and selling is dominated by the large institutional investors, such as insurance companies and savings banks, whose actions are less emotional than those of their prewar predecessors.

FORMAL offerings of new bonds go along in a routine way and in modest proportions. Investment bankers still have sizable blocks of earlier issues on their shelves which makes for caution in the new issue market of all branches. Municipalities, utilities, and railroads continue as the main seekers of capital.

Last year, it may be observed, the principal railroads of the country, sold 78 individual certificate issues in the aggregate face amount of \$426,500,000. The carriers represented numbered 37; and Pennsylvania Railroad Company was the largest issuer, in the principal amount of \$70,050,000, covered by seven trusts. Chesapeake and Ohio Railway topped the list numerically with eight issues.

It is also somewhat unusual that with the exception of one flotation, all of the issues were acquired by investment banking channels, while the one exception was bought by a commercial bank. Seventy-five were reoffered to the public; two flotations were placed privately.

Highlighting the continued railroad improvement and long-deferred maintenance program, new equipment trust issues loom large on the calendar. Pennsylvania Railroad was again in the market for \$10.5-million and Denver and Rio Grande Railroad offered \$6.9-million.

(CONTINUED ON PAGE 110)



Consumer Credit Digest

The author (*center*) at the Chicago meeting of the Consumer Credit Committee of the American Bankers Association, with Carl A. Bimson (*left*), vice-president, Valley National Bank, Phoenix, Arizona, and William F. Kelly, chairman of the Committee and vice-president, The Pennsylvania Company for Banking and Trusts, Philadelphia

In Prospect: A Good Year—With Greater Effort

A. ANTON FRIEDRICH

Outlook Summarized

THE discussions at the recent meeting in Chicago of the Consumer Credit Committee of the American Bankers Association covered a wide range of topics including: Regulation W, modernization loans under FHA Title I, problems incident to the financing of dealers' inventories, cost studies, rates, charges, guaranties, and other technical matters. If the grasp of problems and flexibility of mind expressed in these discussions is indicative of the managerial quality in the consumer credit field, the views should be given careful attention.

Although these subjects varied in content, there was a common emphasis. Motivating and guiding the discussions was a recognition that business conditions had changed. How this change in economic conditions would affect the various phases of consumer credit, how operations should be modified to meet the new situations which would arise,

This article contains valuable and timely information which no consumer credit banker can afford to miss. The author is professor of economics at New York University, a member of the faculty of The Graduate School of Banking, and a regular contributor to BANKING.

this in the main was the core of the deliberations.

Now, I do not want to give the impression that the members of the Committee sat engrossed in a mood of deep depression, fearing the worst. Quite the contrary; they were reasonably optimistic that, barring adverse political developments, 1949 would be a year of good business; a year in which the level of activity would be reasonably high, in which there would be a satisfactory volume of new loans to be made, with delinquencies and defaults held within moderate limits. No such break as oc-

curred in 1920 or in 1929 was anticipated even by those least hopeful. Yet it was recognized that the deflationary forces in the economy were becoming stronger with the passage of time, and that with the strengthening of deflationary forces there would be new operational problems, new risks and uncertainties. It would be a period in which bankers would be well advised to re-examine their consumer credit operations, to check for wastes and inefficiencies, and to reappraise present practices where in the light of the new conditions an undue risk is indicated.

A summary of the Committee's economic and consumer credit outlook is somewhat as follows:

(1) Increasing production is liquidating most of the remaining postwar inflation scarcities and will continue to do so throughout 1949. This applies not only to soft goods but also to consumer durables in all classes. A possible although not a certain exception might be

(CONTINUED ON PAGE 61)

AMERICAN-Standard

First in heating . . . first in plumbing



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■ When you pass on a mortgage loan, you are a community builder. Not just because you often provide the money sought, but because you can make helpful suggestions that will result in a better home for the borrower, better collateral for your institution . . . and a prouder homeowner for the community.

In discussing an applicant's plans, pay particular attention to the heating and plumbing. Nowhere in a home is quality more important. That's why you perform a real community service every time you

recommend American-Standard Heating Equipment and Plumbing Fixtures to prospective homeowners.

Made by the world's largest manufacturer of heating equipment and plumbing fixtures . . . American-Standard products are as fine as money can buy . . . yet they cost no more than others. Your Heating and Plumbing Contractor will be glad to give you full information about the complete line. **American Radiator & Standard Sanitary Corporation, P. O. Box 1226, Pittsburgh 30, Pennsylvania.**



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(CONTINUED FROM PAGE 59)

the popular and lower-priced automobiles. Higher-priced cars are now readily available to buyers upon demand. The less costly durables such as radios, refrigerators, and other appliances have for some time been in easy supply. Therefore, even though employment and national income should remain at the high levels of 1948, it will be the buyers not the sellers who will control the market in 1949. From the buyer's point of view, this is all to the good; from the seller's point of view, it is no better than he has a right to expect; from the consumer credit lender's point of view, it means that the riskless days are over. In no case does it necessarily mean a depression or serious recession.

(2) The overtaking of demand by production will be and is reflected in price trends. Premiums on new cars are rapidly disappearing; expensive extras are again becoming optional; used-car prices, although responsive to seasonal fluctuations of demand, are gradually returning to normal relationships to new car prices. Cut-price sales, combination offers, in some instances even a discount to the buyer, are the measure of weakening prices in the case of radios and appliances. In the field of television, "the price situation," to quote a member of the committee, "is chaotic." In this case, not only expanding production but also technical developments and changing models influence price movements.

(3) Until recently, an automobile in the hands of a dealer was as liquid as money. A loan to a dealer on an automobile was protected not only by the certainty that it would be sold immediately but also by the fact that its market worth was from \$500 to \$1,000

more than its list price. An open-end commitment to finance all the cars the manufacturer would ship to a dealer and without advance notice carried no undue risks. A 100 percent loan to a dealer on wholesale had an adequate margin coverage and was quite safe. Thus "banks came to think of 100 percent loans as normal practice" and so long as eager car buyers with pockets full of money queued up on long lists, this postwar "normal" practice was reasonable and sound. Now, however, the conditions which justified these practices are rapidly coming to an end. As each month passes there are fewer car-hungry buyers, and these with fewer dollars to spend. Thus, as has been true for some time of appliances and radios, inventories of new automobiles are emerging as financial problems and credit risks. The prewar pattern when dealers might expect to carry an inventory of cars for 30, 60, and even 90 days is gradually returning and is already a fact in the case of the less popular cars.

In the light of these changing circumstances, what are the proper rates, charges, guaranties, loan margins? Reflecting the increased risks, perhaps, rates and charges generally have already risen. Several of the small car manufacturers have agreed to two weeks' notice to banks before the shipment of cars to dealers, thus giving the banks an option of accepting or rejecting the financing involved in advance of shipment. Some banks are re-establishing or considering the re-establishment of the prewar credit practice which required automobile dealers to make a 10 percent down-payment on the cars they received from the manufacturer. Moreover, banks would be well advised, according to the Committee, to give greater weight to the net worth of the dealer in consider-



"When you assume that attitude, Ogden, you take all the joy out of 'easy credit.'"

ing the amount of credit which may be safely extended. "The car is not an 'absolute' protection of a loan."

(4) Increasing production, more selective and careful buying on the part of consumers, and sharper competition between dealers will result in an increase of business failures. Business failures have been on the increase and it is a reasonable anticipation that they will continue to rise in the months ahead. It is also reasonable to suppose that business failures will spread into fields which until now have been immune. In the recent past, appliance dealers have suffered heavily. One banker reported that at least 40 percent of the dealers in his territory have failed. In 1949, it may be the turn of the automobile dealers. Unless he is a good salesman and is financially secure, an automobile dealer may find it difficult to survive the stiffer competition ahead.

Lush Days End

The whole can be summarized by the statement that the lush days of inflation appear to be at an end. What will follow is still unclear; economic visibility is low. Even if the downward readjustment is relatively slight, as many competent economists anticipate, it still would be true that credit difficulties will multiply. But these need not be more severe than has always been regarded in the past as the normal incidents of lending money. The situation is not one that justifies alarm and fear; it does justify an increasing alertness to credit risks as they develop, a recognition of the importance of knowing costs and cost relationships, and a closer watching of delinquencies and defaults. This year may and probably will be a good year; but it will also be a year of greater effort and responsibility.



Consumer Credit News

St. Louis Conference Seeks Solution of Credit Problems

WHAT does business expect of banking in the financing of consumer goods? How does banking plan to meet these credit needs? What does government expect of both banking and business in this respect? What do banking and business expect of government? What are the latest consumer credit developments? the trend of collection delinquencies? the latest operational techniques? What, in fact, is new in consumer and instalment credit?

Some 1,500 bankers from all sections of the country will meet at the Hotel Jefferson in St. Louis on March 29-31 to get the answers to all these questions.

The Month's Big News

Yes, the big news in consumer credit for this month is the National Con-

sumer and Instalment Credit Conference of the American Bankers Association. This meeting is unique in its three-way approach to current problems, bringing together the industrialists, the bankers, and high officials of government for an interchange of ideas.

Manufacturers, educators, bankers, will address the sessions, as will representatives of the Treasury Department, VA, FHA, and Federal Reserve.

Joint Responsibility

The conference is sponsored by the Consumer Credit Committee of the A.B.A. Committee Chairman William F. Kelly, who is vice-president of The Pennsylvania Company for Banking and Trusts, Philadelphia, notes that "indications are that production and

consumption of many lines of consumer goods are now in balance, and in some cases production is even ahead of the capacity of the market to absorb them. This situation," he continues, "focuses attention on the fact that banking, industry, and the government all have a responsibility toward keeping America's workshop operating by making it possible to distribute our national product on sound terms which will be of long range benefit to the people of this country. For this reason, we are calling the leading representatives of banks engaged in consumer and instalment credit to meet with leaders of industry and government to seek the best solutions of problems in which we have mutual interest."

(CONTINUED ON PAGE 64)

CONSUMER CREDIT COMMITTEE MEETS AT CHICAGO ON JANUARY 26-27 TO PLAN ST. LOUIS CONFERENCE

Around the perimeter of the table, beginning at left: A. Anton Friedrich, professor of economics, New York University; W. V. Lauman, vice-president, Seattle-First National Bank, Seattle; William Bell, vice-president, First National Bank, Portland, Oregon; Philip Woolcott, president, The Bank of Asheville, North Carolina; Emerson S. Sturdevant, vice-president, Continental National Bank & Trust Co., Salt Lake City; Kenneth R. Wells, vice-president, American National Bank and Trust Company, Chicago; Louis J. Asterita, secretary, A.B.A. Consumer Credit Committee, New York; William F. Kelly, chairman, A.B.A. Consumer Credit Committee, and vice-president, The Pennsylvania Company for Banking and Trusts, Philadelphia; Walter B. French, deputy manager A.B.A. in charge of Consumer Credit Committee; T. J. Gallivan, vice-president, Mercantile-Commerce Bank and Trust Company, St. Louis; Paul M. Welch, vice-president, Citizens & Southern National Bank, Atlanta; John B. Paddi, vice-president, Manufacturers Trust Company, New York; E. D. Longinotti, vice-

president, Union Planters Bank and Trust Company, Memphis; Marshall Woods, assistant vice-president, The Detroit Bank, Detroit; Cyril Cochran, vice-president, State Street Trust Company, Boston;

Inside table, front to back, left: Carl M. Flora, vice-president, First Wisconsin National Bank, Milwaukee; Carl A. Birnson, vice-president, Valley National Bank, Phoenix; Ray F. Bower, president, Farmers State Bank, Worland, Wyoming;

Inside table, front to back, right: D. Z. Albright, vice-president, Security-First National Bank, Los Angeles; E. J. Frey, vice-president, Union Bank of Michigan, Grand Rapids; Lehman Plummer, vice-president, Central National Bank & Trust Company, Des Moines;

Committee members present at the meeting but not in the picture: Frank W. Sutton, Jr., president and trust officer, First National Bank, Toms River, N. J.; Richard H. Stout, executive vice-president, Bank of Louisville.



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Oklahoma City, Oklahoma



WHEREVER THERE'S BUSINESS THERE'S

Burroughs



Consumer Credit News

(CONTINUED FROM PAGE 62)

Morning and evening meetings at the conferences will be general sessions of the entire delegation. The afternoon meetings of Tuesday and Wednesday, March 29 and 30, will be broken down into two groups. The speakers for the afternoon meetings will make their addresses twice. That is, those addressing one group on Tuesday afternoon will repeat their speeches to a different group on Wednesday afternoon, and vice versa.

Nationally Known Speakers

The roster of speakers indicates the importance of the conference. Government officials who have signified their intention to appear include: Preston Delano, Comptroller of the Currency; T. B. King, Division of Loan Guarantee, Veterans Administration; R. M. Evans, member, Board of Governors of the Federal Reserve System; Arthur J. Frentz, assistant commissioner, Federal Housing Administration.

Education and economics are represented by Dr. Willard E. Atkins, chairman, Department of Economics, New York University; Prof. A. Anton Friedrich, Department of Economics, New York University; Dr. William A. Irwin, economist of the American Bankers Association.

Industry Speaks

Automobiles, petroleum, and radio and television will be represented by nationally known industrialists. Those who have accepted invitations to address the meetings include: L. E. Briggs,

treasurer of the Ford Motor Company; Dr. Courtney H. Pitt, vice-president of Philco Corporation; and Alexander Fraser, president, Shell Union Oil Corporation.

Bankers, Too

Bankers who will address the meetings include Evans Woollen, Jr., A.B.A. president, and chairman of the board, Fletcher Trust Company, Indianapolis; William F. Kelly, chairman of the Consumer Credit Committee; Roger Stefan, vice-president, The National City Bank of New York; Kenton R. Cravens, vice-president, Mercantile-Commerce Bank & Trust Company, St. Louis; Richard W. Trefz, president, Beatrice State Bank, Beatrice, Nebraska; E. A. Mattison, executive vice-president, Bank of America N.T. & S.A., San Francisco; Carl M. Flora, vice-president, First Wisconsin National Bank, Milwaukee; Harold E. Randall, vice-president, The First National Bank of Boston; E. I. H. Bennett, vice-president, Peoples First National Bank & Trust Co., Pittsburgh; William Bell, vice-president, First National Bank, Portland, Oregon; Joseph E. Birnie, president, The Bank of Georgia, Atlanta.

Presiding at the various meetings, in addition to some previously mentioned in the roster of speakers, will be Carl A. Bimson, vice-president, Valley National Bank, Phoenix, Arizona; Lehman Plummer, vice-president, Central National Bank & Trust Company, Des Moines; William W. McCarthy, vice-president, National Shawmut Bank, Boston; T. J. Gallivan, vice-president, Mercantile-Commerce Bank and Trust Company, St. Louis; Paul M. Welch,



"Er—just how did you plan to repay this loan?"

vice-president, The Citizens & Southern National Bank, Atlanta; Richard H. Stout, executive vice-president, Bank of Louisville, Kentucky.

AMENDMENT NO. 2

The Board of Governors of the Federal Reserve System has adopted an amendment (Amendment No. 2) to Regulation W which releases from the scope of the regulation articles priced just under \$50 in localities having sales taxes which make the price to the purchaser exceed \$50. Hitherto certain articles which sold for \$50 or more only because of sales taxes were subject to the regulation.

The amendment, which became effective January 1, 1949, was adopted to reduce operating difficulties in the trade, particularly for those merchants serving areas which include some localities with sales taxes and others without them.

Part I of the Supplement to Regulation W now reads ". . . no article having a cash price of less than \$50 exclusive of any applicable sales tax shall be considered a listed article." A new footnote is added which points out that "The exclusion of sales taxes in this part of the Supplement does not affect the use of the term 'cash price' elsewhere in the regulation. . . ."

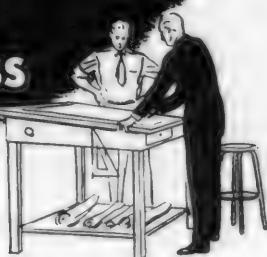
This clears up what was a pretty bad situation. Stores in places having city sales taxes not applicable outside the city limits will be the principal benefactors under the amendment. Items costing just below \$50 had to be sold subject to the restrictions of Regulation W to customers within the city limits; but just across the line the regulation did not apply. This inequity now is removed.



"No I haven't, old man; but I know a chap . . . he might be kinda steep with his interest, though!"



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Our Analysts solve your problems before designing begins!

Our bank building Analysts start the project. They study the bank's business . . . analyze its departmental equipment and space needs. They confer with officers and department heads in solving work-flow and operational problems. Finally they collaborate with our Plan Board on basic recommendations . . . all this *before any designing* is started! Using this careful approach to designing, we have been able to create some of the most efficient, most beautiful banking quarters in America today. Important, too . . . our methods and experience enables us to effect savings in every step of designing, construction and equipment.

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BANK LAW NEWS

Aircraft Liens — Escheat — Stop Payment

WRONGFUL DISHONOR

Effect of wrongfully dishonoring check when state does not have A.B.A.-recommended statute.....

South Carolina's Supreme Court has upheld a \$1,250 verdict against a bank for wrongfully dishonoring a \$20 check.

Plaintiff, while in the Army, asked his mother to open an account with defendant bank. She obtained a signature card, signed it, and sent it to plaintiff, who then signed and returned it. That part of the card relating to signatures upon which the bank would be authorized to disburse money was not filled out. The account was listed on the card as that of "Susan E. Johnson & John E. Johnson," but the bank entered it on its books as that of "Susan E. Johnson or John E. Johnson."

There was no evidence that any checks were ever drawn against the account in the name of both plaintiff and his mother. On the other hand, plaintiff drew over two hundred checks on the account over a four-year period, all signed by him individually and all promptly paid by the bank.

Yet, one day, one of his individually signed checks was presented to the bank and returned unpaid because a substitute bookkeeper who handled the transaction was unable to locate any account under plaintiff's name.

Plaintiff sued to recover actual and punitive damages for wrongful dishonor of his check. The bank denied liability and alleged that it had no account in the name of plaintiff; that plaintiff and his mother had a joint account which could only be withdrawn by checks signed by both; and that if plaintiff intended to draw upon the joint account, he was negligent in signing his check in his individual name.

The court agreed that the manner in which funds may be withdrawn from a bank must be determined by the contract between bank and depositor, and that in the case of a joint deposit, a check must be signed by all joint de-

positors, unless otherwise agreed, or fixed by statute.

But the court did not agree that there was a joint account. The signature card indicated a joint account; but the bank's own books indicated an alternative account, and all other evidence indicated that neither the bank nor the depositors ever treated it as a joint account. The check should have been honored, said the court, just as other checks drawn by plaintiff alone had been honored.

The court then reviewed and reaffirmed the South Carolina rule: Dishonor of a check is presumed to injure the credit of the drawer; it is therefore unnecessary for him to prove that he suffered damage in order to recover from a bank which wrongfully dishonored his check.

South Carolina has not enacted the A.B.A.-recommended Non-Payment of Check Through Error Act. In the 23

states where it has been enacted, no damage is *presumed* to result from a wrongful dishonor. In order to recover from his bank, a maker must *prove* either that he actually suffered damage, or that his check was dishonored maliciously. *Johnson v. National Bank of S. C.*, 50 S.E.2d 177. P.D., Checks § 21.

BANK ROBBERY SENTENCE

Ban on cruel and unusual punishments is the limit to jail sentence judge may impose for "aggravated" bank robbery under Federal law.....

Anyone contemplating bank robbery would do well to consider the case of Homer Binkley, who fell afoul of a Federal law providing that one who kills or kidnaps in the course of robbing a bank, or running away thereafter, "shall be punished by imprisonment for not less than 10 years, or by death if the jury shall so direct."

Binkley's jury did not recommend the death penalty and the judge thereupon gave him a life sentence. After serving over 10 years, he appealed for his release, claiming that in the absence of a recommendation for death, the maximum sentence which he could be given was 10 years.

The Tenth Circuit Court of Appeals did not agree. It held that 10 years is only the minimum sentence possible under the statute, while the only limitation on the power of a court in fixing the maximum sentence is that of the Eighth Amendment to the Constitution, prohibiting cruel and unusual punishments. *Binkley v. Hunter* 170 F.2d 848. P.D., Crimes § 5:3.

STOPPING PAYMENT

New York court upholds validity of clause in stop-payment order disclaiming liability for paying check in disregard of the order.....

New York's Supreme Court—which, incidentally, is not its *supreme* court—has held that a bank is not liable to a depositor for "wrongfully" paying his

(CONTINUED ON PAGE 70)

"I will NOT go to the clearing house with YOU, Mister Vincents—or to any other hotel, either!"

From: PCM
To: WSC

OFFICE MEMORANDUM

Subject: Bond Account Analysis

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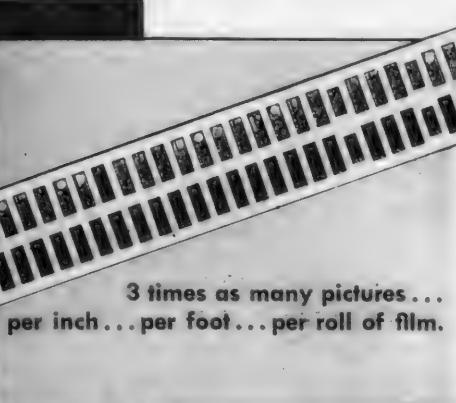
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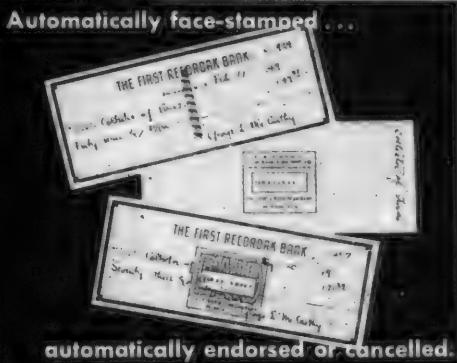
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(CONTINUED FROM PAGE 66)

check after receipt of notice to stop payment.

The depositor had signed an agreement that the bank "... shall not be liable if for any reason, through inadvertence, negligence or otherwise it pays checks, notes or other instruments on which payment has been 'stopped'...." When he later ordered the bank to stop payment on a check and the bank paid it, nevertheless, he sued to recover the amount deducted from his account.

The court ruled that the agreement was valid and enforceable unless the

bank had wilfully disregarded the stop order. It based this ruling on prior New York cases involving agreements exempting banks from liability for failure to stop payments through "inadventure" and through "oversight."

However, the depositor had stated in his complaint that the bank "wrongfully" paid the check. The court thus found it necessary to determine if that were synonymous with "wilfully." "Wilful," it was held, embraces the idea of an act done with intent to do wrong or to injure, or done through mere wantonness or lawlessness, while "wrongful" does not ordinarily convey

the meaning of "wilful." Then, from a reading of the complaint, it was decided that the bank's shortcoming was neglect, rather than wrong-doing, and that "wrongful," as used in the complaint, meant "negligent" rather than "wilful."

Unfortunately, the court gave no hint of the nature of the negligence that caused the check to be paid. *Cortillon Fabrics Corp. v. National Safety B. & T. Co.* 84 N.Y.S.2d 880. *P.D., Stopping Payment §§ 7, 8.*

MORTGAGEE'S RIGHTS

Delaware court states rule governing chattel mortgagee's claim to automobile subsequently mortgaged in another state without his consent.

A decision of Delaware's Superior Court discusses the relative rights of chattel mortgagees who, in different states, hold valid mortgages on the same property.

The owner of an automobile registered in Delaware went to Tennessee and registered his car there. Tennessee law did not require him to surrender his Delaware registration and he did not surrender it. He then obtained a loan from a Tennessee bank, secured by a mortgage on the car, recorded in Tennessee. Then he returned to Delaware and obtained a loan on the car from a Delaware bank, secured by a lien against his Delaware certificate of title. The certificate did not reflect the Tennessee mortgage and he did not disclose its existence to the Delaware bank.

The owner defaulted on this second loan and the Delaware bank repossessed the automobile and sold it. It was then resold to persons who had no knowledge of the Tennessee mortgage. The Tennessee bank then sued them for possession of the car.

The court noted that the following rule is in effect in many states: When a mortgagee holds a validly executed and properly recorded mortgage on personal property in one state, his claim will prevail over claims of subsequent mortgagees, attaching creditors, or bona fide purchasers of the same property in another state, even though they had no knowledge of the existence of the prior lien in the foreign state.

The court also noted a common exception to that rule: When the prior mortgagee consents to the removal of the mortgaged property from his state or, if not consenting, learns of the removal and fails to assert his claim against the property, or to record his lien in the other state, his claim will not prevail over subsequent mortgagees, creditors, or bona fide purchasers.



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The reason for the exception: By giving consent to the removal, or learning of it and failing to take any action, the first mortgagee negligently places it in the power of the mortgagor to deceive and defraud innocent people in the state into which the property is taken. Therefore, he is deemed to waive his lien against such innocent persons, on the principle that where one of two persons must suffer from the wrongful act of a third, the injury must be borne by the one whose conduct made the wrongful act possible.

The court decided that "principles of common sense and fair dealing" required adoption of the rule and its exception in Delaware. It thereupon sent the case to a jury to decide if the Tennessee bank had either consented to removal of the car, or, upon hearing of its unauthorized removal, had failed to take proper steps to assert its claim.

The court variously described the time within which a prior mortgagee must assert his claim as "promptly," "within a reasonable time," and "seasonably." It did not define the terms nor state whether it considered them synonymous. Morris Plan Bank of Knoxville v. Terrell, 62 A.2d 452. P.D., Chattel Mortgages § 2:3.

ESCHEAT

Michigan's former escheat laws inapplicable to dividends of liquidating national bank, as illegal interference with Federal agency.....

The Sixth Circuit Court of Appeals has again held Michigan escheat laws inapplicable to unclaimed dividends of a liquidating national bank. In 1941 the court first held that Michigan's escheat procedure unlawfully interfered with the liquidation of a national bank (See 143 F.2d 554). This time it has made the same finding in an action against the same bank based on laws which were amended after the 1941 decision.

In this action, the state sought to obtain the accounts of depositors who had died or disappeared, or who had failed to receive or failed to cash dividend checks issued to them, after their claims against the liquidating bank had been allowed.

Again the court's answer was that national banks are not subject to state laws which interfere with performance of their functions, or impair their efficiency as federal agencies, or conflict with paramount Federal law.

It might be noted that Michigan's escheat laws were again changed in 1947, but the new laws were not involved in this case. Black v. Delano, 170 F.2d 966; P.D., Deposits § 17.

AIRCRAFT LIENS

A chattel mortgage on aircraft engines, held by the Government and recorded with the CAA, may take precedence over a state-created mechanic's lien arising thereafter. But, says the Federal District Court for Connecticut, not if the mortgage is written in such fashion that an examination of CAA records will fail to disclose its existence.

The Government, through the War Assets Administration, held chattel mortgages on two airplanes. As required by Federal law, they were recorded with the CAA. The mortgagor there-

after removed the engines from the planes, sent them to the defendant manufacturer for overhaul, and then went bankrupt.

The manufacturer, asserting a mechanic's lien under Connecticut law, refused to surrender possession of the engines. The Government, asserting that its chattel mortgages covered the engines and were superior to the mechanic's lien, brought suit to recover them. In defense, the manufacturer claimed that the mortgages did not adequately describe the engines and thus were not binding on anyone but the mortgagor.

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The court upheld the manufacturer's contention, though stating that the Congress has "preempted the field of conveyancing of interests in aircraft and portions thereof," and that its power to do so "may not be denied." In other words, recording of an aircraft engine mortgage will cut off all other claims to the mortgaged engines, if the recording complies with the law.

The Civil Aeronautics Act is the applicable Federal law. Though it requires mortgages of aircraft or parts of them to be recorded with the CAA, it does not define the particularity with which mortgaged property shall be described. The court decided, therefore, that the act must intend a description which would "be reasonably sufficient for notice to third parties whose rights . . . are to be cut off by the recording. . . ."

The court noted that aircraft engines are easily removable and interchangeable, that they require periodic major overhaul, that they are often removed and interchanged for that purpose, and that the mortgages in question recognized this fact by requiring "proper maintenance" of the aircraft. Yet, in the mortgages in question, the only description of the engines was in a definition of the aircraft as "including

all parts, engines, equipment and accessories." Such a description, the court felt, was not such as would allow a manufacturer, on examination of CAA mortgage records, to ascertain that there were mortgages on the engines. Accordingly, it was held that the mortgages did not meet "any standard of fair notice to third persons dealing with the engines under the circumstances in which engines are used and maintained," and thus that their recording did not cut off other claims to the engines.

The court then applied to the Government, as holder of security for a debt, the same rules as would be applied to any citizen, and gave precedence to the mechanics' lien. It did not indulge in speculation on the probable result if the Government's lien had been valid as to third persons.

Two additional arguments to the effect that the Connecticut lien should prevail over the chattel mortgages did not get far. One was based "on the proposition that the difficulties occasioned by the recordation of conditional sales of automobiles . . . are analogous to the case at bar. . . ." Although a plane is even more mobile than a car, said the court, the recording system for planes is not limited to individual

states, but is centralized for the entire nation. The fault here, said the court, lay with the mortgages, not with the system. The other argument was based on an analogy to admiralty cases. The court merely stated that the engine repairs were not "immediately necessary because of an unexpected emergency."

Without deciding the point, the court observed that certain provisions of the mortgages might show an intent of the parties to the mortgage that a mechanic's lien should have priority over the rights of the mortgagee. Nor did the court determine if a recorded mortgage would be invalid as to third persons if the CAA failed to index it by the names of the parties, as required by law. U. S. v. United Aircraft Corporation, 80 F. Supp. 52. P.D., Liens §2:4; Chattel Mortgages §§2, 4A:9, 4B, 8:10.

"I believe the real cure for inflation lies in the elimination of government extravagance and wasteful spending. I think it is time to end or greatly modify price support programs, subsidies, Government lending, and Government guarantees."—D. EMMERT BRUMBAUGH, Pennsylvania Secretary of Banking.

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Other Organizations

Group Insurance Plans

GROUP insurance plans for bank employees in two eastern states have recently been established. The plan sponsored by the New Jersey Bankers Association went into effect February 1. In New York, benefits under the state bankers association plan will become effective when trustees and the underwriter agree that a sufficiently representative group is covered by formal applications for membership.

Handbook Material

Bank Employee Handbook Aids is the title of a booklet issued by the bank management commission of the Wisconsin Bankers Association. It was prepared in answer to the demand for material that would help a bank compile a handbook which it might give to its employees. Besides general suggestions on the subject, the booklet lists a few possible titles for handbooks, and gives a several-page-long listing of subjects that might be covered.

Securities Dealers

Clement A. Evans, president of the investment banking firm of Clement A. Evans & Company, Inc., of Atlanta, has been elected chairman of the board of governors of the National Association of Securities Dealers, Inc.

Other officers elected for 1949 were: G. M. Phillips of Caldwell Phillips Co., St. Paul, and John J. Sullivan of Bosworth, Sullivan & Company, Denver, vice-chairmen; and Wilbur G. Hoye of Charles W. Scranton & Co., New Haven, treasurer. Wallace H. Fulton of Washington was re-elected executive director.

Mr. Evans succeeds L. Raymond Bilett of Kebbon, McCormick & Company, Chicago.

"Back to College" in Delaware

The Delaware Bankers Association held an unusual "back to college" program on a Farmers-Bankers Day at the University of Delaware last month. The farmers and bankers spent the day in discussions, highlights of the program being talks by the governor of the state and the president of the university. Seven

(CONTINUED ON PAGE 76)



Early this year the Illinois Bankers Association held a reception and dinner (above) for the state's elected officials. The Mortgage Bankers Association of America held a conference in January in conjunction with New York University Graduate School of Business Administration. Senator Robert A. Taft was principal speaker at one of the dinner meetings on the program (below)



A scene from *Broken Strings*, 16mm motion picture in color produced for the Savings Banks Association of the State of New York. The "actors" in the production are all marionettes. The film is being distributed free to schools, churches and organizations. (Another successful production of the SBASNY is illustrated on page 76)



NEW!...and today's outstanding adding machine value

Monroe presents its new 8-column **electric** adding machine with **direct subtraction** . . . at a price that will appeal to every business familiar with Monroe high standards. The same brilliant performance . . . the same sturdy, high-quality construction, and the same features that made the larger-capacity Model 410 an instant success. **See and compare!** Finger-ease keytops...no-glare colors..."Velvet Touch" operation . . . and ample capacity for a wide range of work. Sold only through Monroe-owned branches and backed by a nation-wide factory-trained service organization. Monroe Calculating Machine Company, Inc., Orange, N. J.



NEW MONROE ADDING-LISTING MACHINE MODEL 408-11-001



(CONTINUED FROM PAGE 74)

eral leaders in agriculture and finance were on the program. A tour of exhibits was another interesting part of the day's activity.

Independent Bankers

Herman F. Hahn, executive vice-president, Union Bank & Trust Company, Los Angeles, has been elected president of the Independent Bankers Association of Southern California. He succeeds Robert W. McGovney, president of the Compton National Bank. The principal speaker at the organiza-

tion's annual dinner meeting where Mr. Hahn was elected was Reno Odlin, president, Puget Sound National Bank, Tacoma, Washington, and member, Federal Reserve Advisory Council. Mr. Odlin said bankers should take the lead in urging upon the public sound economic policies.

"The trouble with us bankers," he said, "is that we go around evangelizing each other. We don't talk to the right people. If there ever was a time that a public needs to understand fundamental economic truths it is in 1949. Banking, better than any other business, is equipped to do the job. We must

tell folks what makes the country run in terms that they can understand, if we want to protect our great American heritage of freedom and opportunity for our children and our children's children."

Missouri Education Program

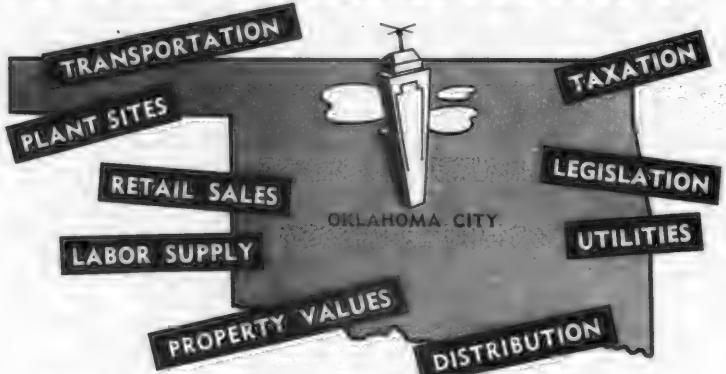
(BANKING will publish from time to time interviews with officials of state bankers associations. Last month the interviews were conducted in Illinois, Oregon and Washington. The following is the result of a visit to the headquarters of the Missouri Bankers Association, St. Louis.)

The Missouri Bankers Association Conference, held February 9-11, was the ninth consecutive annual gathering of the state's bankers for the purpose of studying the many sides of modern finance. This conference, established in 1941, was the beginning of the state association's current educational program.

About 10 years ago Missouri bankers, like many bank executives in other states, found that their professional orbits were no longer controlled by the gravitational influence of a particular town, city or state. Almost overnight they became world citizens subject to a realm of new obligations. Along with

(CONTINUED ON PAGE 78)

Customers Questioning About OKLAHOMA?



ASK OUR INDUSTRIAL DEVELOPMENT DEPARTMENT FOR THE ANSWERS

With correspondents including 74.9% of all Oklahoma banks, it is understandable that our interests are state-wide.

So, if you or your customers desire special business information about Oklahoma or the 8-state Southwest area, we hope you will call upon our Industrial Development Department. This service is confidential and without obligation. We will be glad to make personal contacts if desired.

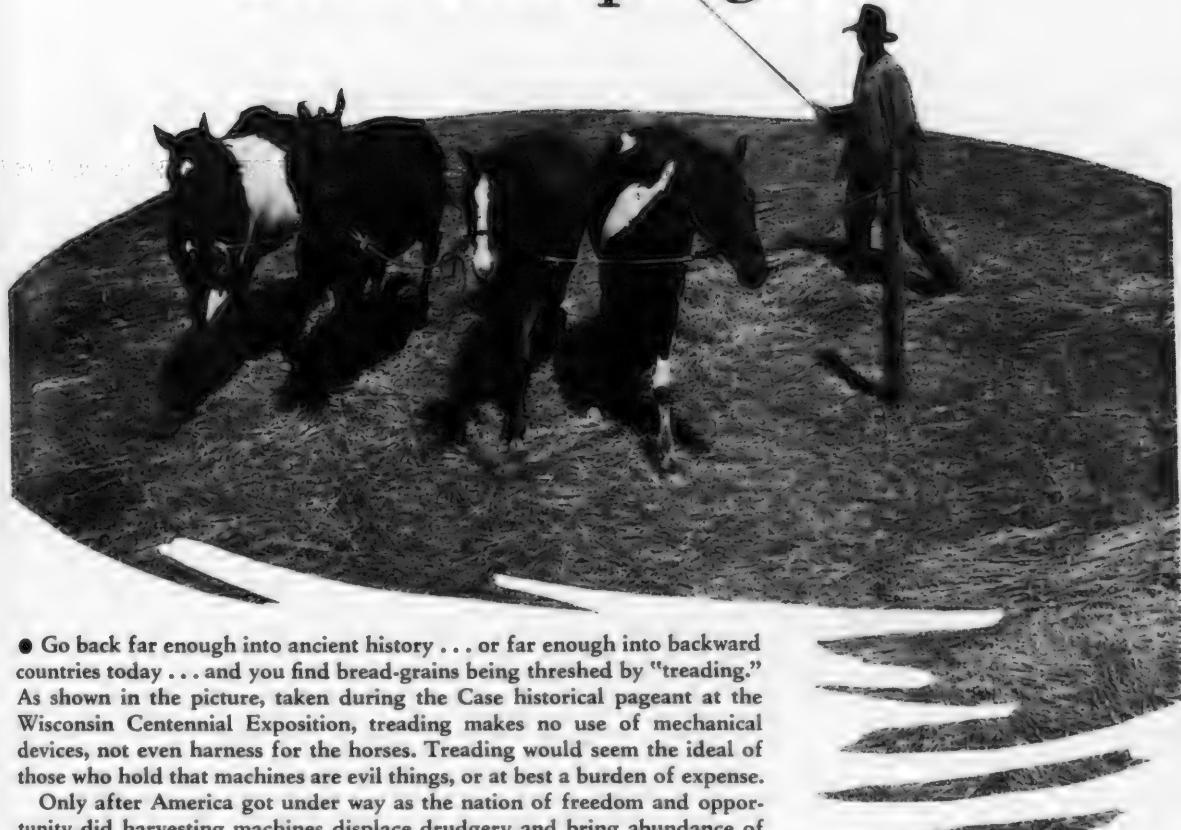
The current issue of our business information bulletin, just off the press, gives in convenient, condensed form much valuable data. Write for your copy.



A booklet of the Savings Banks Association of the State of New York, the cover of which is illustrated below, has information for both adults and teen-agers on wise saving and spending. It was prepared by Elsie Stapleton, widely known authority on income planning and budget management. Almost 75,000 have been distributed



BREAD . . . From Trampling Hoofs



● Go back far enough into ancient history . . . or far enough into backward countries today . . . and you find bread-grains being threshed by "treading." As shown in the picture, taken during the Case historical pageant at the Wisconsin Centennial Exposition, treading makes no use of mechanical devices, not even harness for the horses. Treading would seem the ideal of those who hold that machines are evil things, or at best a burden of expense.

Only after America got under way as the nation of freedom and opportunity did harvesting machines displace drudgery and bring abundance of bread. The groundhog threshing cylinder, the complete threshing, separating and cleaning machine, the farm use of steam engines, evolution of the gas tractor and of the combine, all came along in a little more than a single century. With them all, Case played a leading role.

For a large part of that century, for reasons that then prevailed, financing of farm machinery was handled mainly by its manufacturers. Case learned then that the best security for such credit is machinery with ENDURANCE to sustain its chattel value, performance to speed its amortization. That same quality in Case machines today commends them for financing—business we believe rightfully belongs to local banks. J. I. Case Co., Racine, Wis.




CASE

See "Pageant of Progress" as thousands saw it daily for a week during the Wisconsin Centennial Exposition at Milwaukee last summer. Filmed then, this Case pageant of quaint costumes, strange skills, ancient tools and modern machines has been made into a full-color sound movie. Besides being shown by Case dealers, it is available for meetings sponsored by banks, civic clubs, educational agencies and farmer groups. Write now for reservation of future date desired. Address our nearest branch house.

(CONTINUED FROM PAGE 76)

this recognition of their changed professional status came an immediate demand to the Missouri Bankers Association for a means which would enable members to prepare themselves for these new responsibilities.

They were being rapidly removed from the familiar narrowly defined professional bracket and set up as dependable counselors in many a previously unrelated field and occupation. A ready knowledge of scientific agriculture, psychology, business promotion methods, public speaking, advertising and a host

of other highly developed arts was becoming a "must" for the successful bank executive.

How could Missouri bankers keep pace with these rapidly increasing but for the most part unfamiliar amenities? The Missouri Bankers Association came up with the answer and, although their annual conventions had for more than half a century featured outstanding programs dealing with current trends in more generally recognizable banking problems, they immediately began to plan supplemental programs to meet this new challenge.

Beginning with the annual confer-

ence, the MBA began to develop other projects of a more specific nature, designed to keep members abreast of current conditions relative to their ever-growing responsibilities. Special committees within the association were and are now appointed annually to set up instructional programs. One successful product of this central planning by the MBA is an Agricultural Short Course for Missouri bankers, scheduled to hold its second annual meeting in June. A new 3-day program, to be offered for the first time this April, will be presented under the title of "Conference on Financial Public Relations." It will offer quickly applicable guides in the psychology of human relations, the art of public speaking, methods of business promotion, and techniques in advertising and publicity campaigns for various media.

In addition to these study conferences and short courses, Missouri's 114 counties have been divided into 60 inter-county groups which meet monthly or quarterly to discuss and study current problems brought to their attention by the MBA. Seven intrastate banking groups also meet annually under the direction of the MBA during the first two weeks of October to investigate banking's now readily recognized and accepted new responsibilities.

Robert E. Lee Hill, the MBA's executive secretary, credits the association's educational activities as being largely responsible for a wholly new type of better-than-ever equipped banker in Missouri. Missouri's "world citizen" bankers may well be counted among the nation's most versatile financial experts.

FPRA Groups Will Hold Meetings in Detroit

Detroit is the host this month to the Financial Public Relations Association's extension committee sessions, the mid-annual meeting of the FPRA board of directors and the board of managers of the FPRA School of Public Relations. Approximately 150 officers, members, and guests are expected to attend the meetings of the three groups, March 13-16, according to FPRA President Allen Crawford, vice-president, Bankers-Equitable Trust Company, Detroit.

New Wyoming Secretary

The Wyoming Bankers Association has a new secretary, W. Robert Dubois, trust officer and manager of the bond department, Stock Growers National Bank, Cheyenne. Mr. Dubois takes the place of C. N. Bloomfield.

IS THERE a Banking frontier

RIGHT AROUND THE CORNER?

Right around your corner may be a successful trucking concern. Maybe you've never had business relations with its owner; probably never gave him much thought.

Yet he, and thousands like him, "enterprised" a service idea into America's second largest industry—the trucking industry. An industry that spends billions each year on trucks and equipment, buildings and warehouses, payrolls and taxes, and grosses over 2½ billion dollars annu-

ally through interstate carriers alone.

Here is a "home town" industry that offers you one of the most fertile of banking opportunities. Trucking helps America grow . . . industry expand. You only have to look at the trucking industry's record of the past to foretell its brilliant future!

Today bankers in communities, *everywhere*, are building enviable business relations with truck operators. Why not investigate for yourself, today?

* Write for a free copy of "Motor Carrier Equipment Financing"—containing vital information that will give you a better, more intimate understanding of America's Major Transportation System.

DID YOU KNOW..

That the trucking industry employs 5,465,000 people?
That special truck taxes exceed 1½ million dollars a day?



THE AMERICAN TRUCKING INDUSTRY

AMERICAN TRUCKING ASSOCIATIONS, WASHINGTON 6, D. C.

Banking School of the South

Organization of the School of Banking of the South, on the campus of Louisiana State University at Baton Rouge, was announced recently.

Present plans are to open the school, which will be a cooperative project of bankers in about eight southern states working through their state bankers associations, in the summer of 1950. The university will not officially sponsor the project but will lend its facilities and cooperate in numerous ways.

The school is for bank officers, employees performing the duties of officers, and those who, in the opinion of the Committee on Admissions, have sufficient educational background. Students will be housed in a new dormitory of the university and will attend classes during a two-week resident session each summer for three successive years. Answers to banking problems and other written work will be required throughout the year.

Orrin H. Swayze, vice-president of the Capital National Bank of Jackson, Mississippi, has been named director of the school. He will be assisted by Herbert V. Prochnow, director of the School of Banking at the University of Wis-

consin, which is conducted by the Central States Conference. Mr. Prochnow is vice-president of the First National Bank of Chicago. The registrar will be R. I. Didier, secretary of the Louisiana Bankers Association. Walter W. Schroeder, vice-president of The National Bank of Commerce in New Orleans, is chairman of the board of trustees, composed of two members of each participating state association. The secretary of each will be a permanent trustee; the other will be chosen by the executive councils of the associations.

The oldest and largest banking school

of this type is The Graduate School of Banking conducted by the American Bankers Association at Rutgers University, New Brunswick, New Jersey. The G.S.B., organized in 1935, now has a student body of approximately 1,000 men from many states and several foreign countries, and a faculty of more than 50. Its 15th resident session opens June 20 at Rutgers and continues through July 2.

The Pacific Coast Banking School, formerly the Pacific Northwest Banking School, was founded in 1938 and holds its sessions at the University of Washington.

By the Way —

Marriage is an institution in which a man constantly faces the music, beginning with "Here Comes the Bride."

The age of the average bobby soxer is about 17 awed years.

When money talks, there are few interruptions.

With the shortage of maids, the average husband is now simply a domestic animal.

A diplomat is a person who counts his fingers after shaking hands with another diplomat.

A family tree is a device for tracing yourself back to better people than you are.

Only the dead are free from criticism. They can't hear it.

Sign on New York resort hotel: "Open to take tourists." And how!

The income tax has cost us a great deal of money, but it has certainly developed our ingenuity.

RECEIVING can mean RESELLING

Time Payments, presented with Allison's Payment Coupon Books, involve no writing—no hunting or selecting cards—no window bookkeeping. Just stamp the stub "paid," detach the coupon and the job is done.

Customers like this NO WAITING SERVICE. You'll like it, too, because it is conducive to repeat business, which, in turn, is vital to Consumer Credit growth and profits.



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to Head Offices at Indianapolis 6, Indiana

BANKING NEWS

"Retooling" Program Awaits Eastern Bankers at New York Savings, Mortgage Meeting Mar. 14-15

Systems, Investments, Accounts, Servicing, and Housing Among Topics; Expect 1,000 to Attend

"Retooling for 1949" will be the theme of the annual Eastern Savings and Mortgage Conference at the Hotel Statler in New York on March 14-15, under auspices of the American Bankers Association's Savings and Mortgage Division. Approximately 1,000 savings bankers are expected to attend the two-day sessions. While the majority of the delegates will come from nine eastern states, the conference is open to bankers elsewhere and advance registrations indicate that it will draw savings men from all sections of the nation.

The Division's president is William A. Marcus of San Francisco.

Various aspects of savings and mortgage banking are to be covered in the retooling program. J. R. Dunkerley, deputy manager of the American Bankers Association and secretary of the Savings & Mortgage Division, will preside at the opening session. Speakers at this session include:

President Marcus, who is senior vice-president, American Trust Company, San Francisco, will speak on "The Savings-Mortgage Business and Housing."

Club Accounts

Two speakers will develop "Christmas and Other Club Accounts." James K. Stewart, vice-president, Savings Bank of Baltimore, will speak on the "Stamp System," and G. Donald Turner, assistant treasurer, Sanford (Me.) Trust Company, on "Coupon and Other Systems."

Arthur T. Roth, president, Franklin Square (N. Y.) National Bank, will talk on "Should Passbook Banking Be Replaced by More Economical Teller Operations?"

Rowland R. McElvare, vice-president, Savings & Mortgage Division, and senior executive vice-president, Bank for Savings, New York, will preside at the second session. "An Investment Committee in Action" at this session comprises:

L. Sumner Pruyne, vice-president, First National Bank,

Boston, chairman; E. Sherman Adams, assistant vice-president, Central Hanover Bank & Trust Company, New York; Marvin B. France, president, Society for Savings, Cleveland; Theron A. Woodsum, statistician, Savings Banks Association of Maine, Portland; and James W. Wooster, Jr., investment counsel, New York.

Sylvia S. Porter, well-known New York financial writer, will terminate the formal part of the investment discussion with a report on government securities.

The third session, at which President Marcus will preside, will be devoted entirely to housing and mortgage lending. Dr. Clifford Rassweiler, vice-president, Johns Manville Corporation, New York, will ad-

(CONTINUED ON PAGE 83)

Dr. Stonier, left, receives from New York Chapter President Nodyne the life membership citation



Stonier Made Honorary Member of N. Y. Chapter

A.I.B. Group Presents Citation at Banquet

Dr. Harold Stonier, executive manager of the American Bankers Association and director of The Graduate School of Banking, was awarded an honorary membership in New York Chapter, American Institute of Banking, at the 45th annual banquet of the chapter on Feb. 5. The citation, conveying membership in the chapter, was presented by George O. Nodyne, president, who is vice-president of the East River Savings Bank, New York City. The citation was signed by President Nodyne and Chapter Secretary H. W. Trecartin. It reads:

HAROLD STONIER, Executive Manager, American Bankers Association, has demonstrated over a long period of years outstanding qualities of character and leadership; rare abilities as an administrator and has made many important contributions to banking and education.

He was called in 1927 to the American Institute of Banking as National Educational Director, holding that post until 1940. Under his able guidance notable progress was made in developing the Institute's educational pro-

(CONTINUED ON PAGE 82)

A.B.A. Membership Is Increased by 51 Banks

Britain, Philippines, Japan in Month's List

Fifty-one banks in 11 states and Great Britain, Philippine Islands, and Japan became members of the American Bankers Association during January, it is announced by Max Stieg, chairman of the Association's Organization Committee. Mr. Stieg is cashier of the Dairyman's State Bank, Clintonville, Wis. The new members are:

Arizona, Valley National Bank, West Van Buren Street office, Phoenix.

California, American Trust Company, Sunnyvale office; Bank of America N.T. & S.A., Bakersfield branch; Bank of America N.T. & S.A., Beverly Hills main office; Bank of America N.T. & S.A., Burbank branch; Bank of America N.T. & S.A., El Centro branch; Bank of America N.T. & S.A., Eureka branch; Bank of America N.T. & S.A., Fresno main office; Bank of America N.T. & S.A., Glendale main office; Bank of America N.T. & S.A., Hollywood main office; Bank of America N.T. & S.A., Long Beach main office; Bank of America N.T. & S.A., Modesto branch; Bank of America N.T. & S.A., Oakland main office; Bank of America N.T. & S.A., Pasadena main office; Bank of America N.T. & S.A., Richmond branch; Bank of America N.T. & S.A., Riverside branch; Bank of America N.T. & S.A., Sacramento main office; Bank of America N.T. & S.A., Salinas branch; Bank of America N.T. & S.A., San Bernardino branch; Bank of America N.T. & S.A., San Diego main office; Bank of America N.T. & S.A., San Jose main office; Bank of America N.T. & S.A., San Pedro branch; Bank of America N.T. & S.A., Santa Ana branch; Bank of America N.T. & S.A., Santa Barbara main office; Bank of America N.T. & S.A., Stockton main office; Bank of America N.T. & S.A., Vallejo branch; Bank of America N.T. & S.A.,

(CONTINUED ON PAGE 81)

Join Faculty of The Graduate School of Banking



As reported in **BANKING** last month, A. Paul Thompson, left, cashier, Central National Bank of Cleveland, and Thomas F. Glavey, assistant cashier, Chase National Bank, New York, are among the new instructors appointed to the G.S.B. teaching staff. Mr. Thompson will lecture on operation and control, Mr. Glavey on liability insurance.

Bank Management Group Discusses 34 Projects

Many Studies Reviewed at February Meeting

The Bank Management Commission of the American Bankers Association, meeting in Mobile, Ala., Feb. 14 and 15, discussed 34 projects recently completed or now in progress and a number of others planned for the future.

Work completed includes studies on standards for bank general ledger accounts and statements of condition and operation, purchasing of bank supplies, and monthly report of active officers to better inform directors about their bank's progress.

Work is continuing on such projects as check standardization and simplification, accrual accounting, credit department organization, uniform account analysis, and safe deposit and night depository studies. Among the projects under discussion for the future are studies of banking costs, use of photographic copies in the collection of lost items, and opening new accounts.

The Commission also considered plans for the use of fingerprinting by banks for cashing Series E and Armed Forces Leave Bonds, cashing checks for non-depositors, and for new employees' records.

E. V. Krick, senior vice-president and cashier, American Trust Company, San Francisco, is Commission chairman.

A.B.A. Membership

(CONTINUED FROM PAGE 80)

Visalia branch, Visalia.

Colorado, Dove Creek State Bank.

Illinois, National Bank of Joliet; First National Bank, Mulberry Grove; National Bank of St. Anne.

Indiana, American Bank, New Albany.

Kentucky, Big Clifty Banking Company; Farmers Bank, Centertown; Bank of Crittenden; E. H. Shelman & Company, Irvington; Citizens Bank, Junction City; Bank of Loretto; Peoples Bank, New Hope; Peoples Bank, Paintlick; Farmers & Merchants Bank, Slaughters.

New York, Dollar Savings Bank of the City of New York, Southern Boulevard Branch.

Oregon, First National Bank of Portland, South Sixth Street Branch, Klamath Falls.

Pennsylvania, First National Bank, Nuremberg.

South Carolina, First National Bank of South Carolina, North Columbia Branch, Columbia.

Washington, Magnolia State Bank, Seattle.

Great Britain, Bank of America N.T. & S.A., London Branch, London.

Philippine Islands, Bank of America N.T. & S.A., Manila Office, Manila.

Japan, Bank of America, N.T. & S.A., Kobe Branch, Kobe; Bank of America N.T. & S.A., Tokyo Office, Tokyo; Bank of America N.T. & S.A., Yokohama Branch, Yokohama.

Western Bankers to Attend Savings, Mortgage Conference at San Francisco, April 4 and 5

Plans for the western savings and mortgage conference to be held at San Francisco on Apr. 4 and 5 under A.B.A. auspices are nearing completion.

The conference, arranged by the Savings and Mortgage Division, will bring together bankers from Arizona, California, Idaho, Nevada, Oregon, Utah and Washington.

A banquet is scheduled for the evening of Apr. 4 in honor of Evans Woollen, Jr., president of the Association and chairman of the Fletcher Trust

Company, Indianapolis. Mr. Woollen will speak on "Mortgage Lending in the High Real Estate Market."

On Apr. 5 Jesse W. Tapp, vice-president, Bank of America, San Francisco, will preside at a farm mortgage luncheon meeting.

Linden L. D. Stark, vice-president, The Anglo California National Bank, San Francisco, is chairman of the conference committee.

The conference will be held in the Hotel St. Francis.

A. B. A. Mailings

Mailings by the American Bankers Association during February included these terms:

ADVERTISING: Sample proofs of two new newspaper advertising series, one featuring banking-by-mail and the other home loan repairs; also direct mail folders covering safe deposit services and checking accounts. Material went to member banks and state secretaries.

BANK PURCHASING: Booklet No. 119 entitled "Bank Purchasing Procedure" prepared by Bank Management Commission to assist in effective purchasing of bank supplies, to member banks and state secretaries.

CREDIT CONFERENCE PROCEEDINGS: *Proceedings of National Credit Conference*, to subscribers and state secretaries.

FARM YOUTH SUPPORT: Letter and questionnaire to 4-H Club leaders asking for information on extent of bank assistance and suggestions for improvement; also sent to state secretaries.

New Trust Promotion Aids Ready for Banks

A package of six direct mail trust promotion leaflets for distribution by banks to their trust department prospects was introduced by the Advertising Department of the American Bankers Association at the 30th Midwinter Trust Conference in New York. These folders were written by a former banker and insurance man, Marvin Mabley of Decatur, Georgia, in his distinctive handwriting. The message in each is intimate and personalized.

The Department's master booklet, "Trust Services for You," was restyled and its title now matches the handwriting used in the six leaflets.

The new leaflets include practical hints on estate planning, covering out-of-date wills, wills involving life insurance, wills out of step with new tax laws, reexamination of life insurance coverage, hazards of naming wife executrix, and advantages of naming a banking institution executor.

A. I. Johnson, vice-president, First Trust and Deposit Company, Syracuse, and chairman, trust division, New York State Bankers Association, and E. F. Horgan, secretary of the division, examine A.B.A. display of trust promotion material at Midwinter Trust Conference in New York



Federal Laws Affecting Banks Are Summarized

Booklet Covers Work of Last Congress in Field

A new edition of the biennial publication, "Summary of Federal Legislation Affecting Banking," has been sent to members of the American Bankers Association.

The 48-page study, prepared by the Committee on Federal Legislation, covers laws in this category enacted by the 80th Congress. It contains summaries of statutes on 19 subjects, embracing provisions in 23 public laws passed by the Congress. The legislation is briefly outlined.

Among the subjects included are: Retirement of Federal Deposit Insurance Corporation capital; increase of reserve requirements of Federal Reserve member banks and regulation of consumer credit; extension of life, lending powers, and functions of the Reconstruction Finance Corporation; the Housing Act of 1948; Federal National Mortgage Association purchase of FHA and GI mortgages; and insured farm mortgage loans under Title I of the Bankhead-Jones Tenant Act.

Banks may obtain complete texts of laws included in the summary by writing the A.B.A.'s Washington Office, 719 Fifteenth Street, N.W., Washington 5, D.C.

Message from Woollen

In an introductory message Evans Woollen, Jr., president of the Association, calls attention to the conditions of the postwar period which influenced much of the legislation. He says: "The unsettled political and economic conditions throughout the world which continued during the years 1947 and 1948 played a significant role in shaping legislation in the 80th Congress. This period saw the beginning of the European Recovery Program and the strengthening of our military defenses at home."

"Also this period saw our domestic economy beset with growing inflationary forces. Bankers should take pride in the fact that they took the lead in seeking to curb these inflationary pressures through a



T. L. Nims

G.S.B. Reunion Planned for New York, Mar. 19

Plans for the 12th annual reunion of The Graduate School of Banking alumni to be held in New York, March 19, at the Hotel Biltmore, have been announced by John W. Arthur, Jr., of the Bank of New York and Fifth Avenue Bank, and chairman of the Committee on General Arrangements. The Class of 1947, of which G. Russell Clark is president, is in charge. Mr. Clark is manager of the New York Clearing House.

The reunion program will follow the annual spring luncheon conference of the School's faculty.

Subjects and those in charge of the programs for the afternoon alumni conferences are: Commercial Banking, Paul R. Vervoort of the Commercial National Bank & Trust Company; Investments, Everett J. Livesey of the Dime Savings Bank, Brooklyn; Savings Bank Management, Frederick H. Morris of the Empire City Savings Bank; Trusts, Philip Orsi of the City Bank Farmers Trust Company, all of New York City.

voluntary program of credit control. This voluntary effort was made in the face of numerous legislative proposals to encourage the more liberal extension of credit through the device of government guaranty or insurance of loans. The American Bankers Association, through its Committee on Federal Legislation, opposed these proposals, in the main successfully."

The Committee chairman is C. Francis Cocke, president of the First National Exchange Bank, Roanoke, Va.

Nims Named Assistant Secretary of Division

Thomas L. Nims, formerly vice-president of the Stamford (Conn.) Savings Bank, has been appointed assistant secretary of the Savings and Mortgage Division of the American Bankers Association.

Mr. Nims had 10 years of savings bank experience with the Stamford bank, following 13 years of investment experience in Boston.

He joined the staff of the Division on Nov. 15, 1948, devoting all his time to the preparation of a book on mortgage servicing, in collaboration with J. R. Dunkerley, deputy manager of the American Bankers Association and secretary of the Division. This book, which emphasizes the human side of servicing, will be published by the Division soon.

Mr. Nims will devote most of his time to mortgage and investment research.

Stonier Made Honorary Member of N. Y. Chapter

(CONTINUED FROM PAGE 80)

gram to the preeminent position it now enjoys.

Realizing the need for more advance training in economics, money and credit at the management level, Dr. Stonier organized The Graduate School of Banking in 1935, and has served as its director continuously since that time. Begun on an experimental basis, this project under his inspiring leadership has met with conspicuous success.

Dr. Stonier has been honored by prominent universities for his services to education and has been called upon at various times to serve on important Government committees.

As Executive Manager of the American Bankers Association since 1937, his vision, his skillful administration and coordination of the activities of the Association have resulted in greater usefulness to member banks throughout the United States.

Therefore, in recognition of his splendid record of achievement, his services to banking and the banking fraternity, and as a symbol of our respect and esteem, the Board of Governors, New York Chapter, American Institute of Banking, by unanimous action, hereby elects Harold Stonier to

HONORARY MEMBERSHIP

Dr. Stonier was born in San Jose, Cal. He attended the College of the Pacific and took work also at the University of California and at Columbia

A.I.B. Chapter Contest Topic Is Announced

"Banking Education as a Basis for Effective Public Relations" will be the subject of the public speaking contests to be held next month in individual chapters of the American Institute of Banking.

The chapter contests, scheduled for March 5-26, are the first stage in the selection of participants for the National Public Speaking Contest for the A.P. Giannini Educational Endowment Prizes at the A.I.B. convention in Portland, Ore., next May.

The general theme for the contest program is "Public Relations." Winners of the individual chapter contests will compete in district contests where participants in the Portland final will be chosen.

The specific phase of public relations to be used as the subject for the district competitions will be announced April 1, and the phase for the final will be given to the contestants in Portland approximately 10 hours before the contest commences.

University, and has degrees from the University of Southern California. He was vice-president of the latter institution for five years after spending some time in the investment banking business.

In 1927 Dr. Stonier was elected national educational director of the American Institute of Banking, and transferred his activities to the A.B.A. headquarters in New York City. He was elected executive manager of the Association at its annual convention at Boston, Mass., in October 1937.

Since its inception in 1935 he has been director of The Graduate School of Banking conducted by the American Bankers Association at Rutgers University. In 1937 he received the Rutgers Distinguished Service Award for work in adult education.

Because of his activities in the responsible position as executive head of the staff of the A.B.A., Dr. Stonier is internationally recognized as an authority in the banking field. He has had a great influence in "humanizing" banking in the United States.



American Institute of Banking's Executive Council and national officers at annual midwinter meeting in Houston, Texas. Clockwise around table, Martin J. Travers, W. Frank Phillips, Theron D. Elder, Edward J. Damstra, Alton P. Barr, Garrett A. Carter, Robert C. Rutherford, Floyd W. Larson, Pierre N. Hauser, Hartwell F. Taylor, Leroy Lewis, Walter D. Behnke, Clarence W. Brown, Christian Ries, George E. Levine, Joseph F. Cornelius, and Albert H. Gabel

Eastern Savings and Mortgage Conference

(CONTINUED FROM PAGE 80)

dress the session on "The Banker—and Better Low Cost Housing"; Raymond M. Foley, administrator, Housing and Home Finance Agency, Washington, will speak on "The Banks' Part in the Housing Program"; and Evans Woollen, Jr., president, American Bankers Association, and chairman, Fletcher Trust Company, Indianapolis, will give a talk on "Mortgage Lending in a

High Real Estate Market." Thomas L. Nims, assistant secretary, Savings & Mortgage Division, will lead off the concluding session with a discussion of "The Human Side of Mortgage Servicing." He is followed by Paul Windels, president, Regional Plans Association, New York, who will speak on the subject of "Your Bank and Community Planning."

Merchandising

Division Vice-president McElvare, the final speaker, has chosen as his topic "Merchandising the Savings and Mortgage Business."

The opportunity to consult during the conference with staff experts on various phases of A.B.A. activity will again be one of the features of the Savings and Mortgage Conference program.

As is customary, late models of bank machinery and equipment will be on display.

New Manual Ready

The fifth revision of the "Manual of Laws Relating to Loans and Investments of National Banks" is now off of the press and is being distributed to members of the National Bank Division of the American Bankers Association, according to Division President W. W. Campbell.

Association members have found the manual a useful guide to the lending and investment officers of national banks.

CALENDAR

American Bankers Association

- | | |
|---------------|-----------------------------------------------------------------------------------|
| Mar. 14-15 | Annual Savings and Mortgage Conference, Hotel Statler, New York, N. Y. |
| Mar. 29-31 | National Consumer Instalment Credit Conference, Hotel Jefferson, St. Louis, Mo. |
| Apr. 4-5 | Western Savings and Mortgage Conference, Hotel St. Francis, San Francisco, Calif. |
| Apr. 24-26 | Executive Council, French Lick Springs Hotel, French Lick, Ind. |
| May 30-June 3 | A.I.B., Annual Convention, Hotel Multnomah, Portland, Ore. |
| June 20 | Graduate School of Banking, Rutgers University, New Brunswick, N. J. |
| July 2 | |
| Oct. 30 | |
| Nov. 2 | Annual Convention, San Francisco, Calif. |

State Associations

- | | |
|------------|----------------------------------------------------|
| Apr. 8-9 | New Mexico, Hilton Hotel, Albuquerque |
| Apr. 9-12 | Florida, Columbus and McAllister Hotels, Miami |
| Apr. 13-15 | Georgia, Sheraton Bon Air Hotel, Augusta |
| Apr. 24-26 | Louisiana, Buena Vista Hotel, Biloxi, Miss. |
| May 2-3 | North Carolina, The Carolina, Pinehurst |
| May 5-6 | Oklahoma, Mayo Hotel, Tulsa |
| May 6-7 | South Dakota, Alonzo Ward Hotel, Aberdeen |
| May 9-10 | Maryland, Hotel Traymore, Atlantic City, N. J. |
| May 9-10 | South Carolina, Ocean Forest Hotel, Myrtle Beach |
| May 9-11 | Missouri, Hotel Muehlebach, Kansas City |
| May 10-11 | Tennessee, Hermitage Hotel, Nashville |
| May 11-12 | Indiana, Claypool Hotel, Indianapolis |
| May 12 | Delaware, Wilmington Country Club, Wilmington |
| May 12-13 | Massachusetts, New Ocean House, Swampscott |
| May 12-14 | New Jersey, Hotel Traymore, Atlantic City |
| May 13-14 | Alabama, Jefferson Davis Hotel, Montgomery |
| May 17-18 | Mississippi, Buena Vista Hotel, Biloxi |
| May 18-20 | Kansas, Kansas City, Mo. |
| May 18-20 | Pennsylvania, Hotel Traymore, Atlantic City, N. J. |
| May 22-24 | California, Huntington Hotel, Pasadena |

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|------------|------------------------------------------------------------------------------|
| May 23-25 | Arkansas, Arlington Hotel, Hot Springs |
| May 23-25 | Texas, Texas Hotel, Fort Worth |
| May 25-26 | Ohio, Netherland Plaza Hotel, Cincinnati |
| *June 3-4 | New Hampshire, Wentworth-By-The Sea, Portsmouth |
| *June 3-4 | Savings Banks Association of New Hampshire, Wentworth-By-The Sea, Portsmouth |
| June 5-7 | Oregon, Hotel Multnomah, Portland |
| June 6-7 | Utah, Sun Valley Lodge, Sun Valley, Idaho |
| June 8-9 | Minnesota, Hotel St. Paul, St. Paul |
| June 9-11 | Wyoming, Casper |
| June 13-14 | Idaho, Shore Lodge, McCall |
| June 16-19 | District of Columbia, The Greenbrier, White Sulphur Springs, W. Va. |
| June 16-17 | Illinois, Hotel Jefferson, St. Louis, Mo. |
| June 16-18 | Michigan, Hotel Statler, Detroit |
| June 16-19 | New York, Monmouth & Essex & Sussex Hotels, Spring Lake, N. J. |
| June 17-18 | North Dakota, Clarence Parker Hotel, Minot |
| June 17-18 | Vermont, Equinox House, Manchester |
| June 20-21 | Washington, Davenport Hotel, Spokane |
| June 20-22 | Wisconsin, Schroeder Hotel, Milwaukee |
| June 23-25 | Montana, Old Faithful Inn, Yellowstone Park |
| June 24-25 | Connecticut, Equinox Hotel, Manchester, Vt. |

* Joint Meeting

Other Organizations

- | | |
|-----------|-------------------------------------------------------------------------------------------------------------------|
| April 4-5 | Mortgage Bankers Association of America, Second Regional Clinic, Hotel Commodore, New York City |
| May 12-14 | National Association of Mutual Savings Banks, Hotel Statler, Washington, D. C. |
| May 22-25 | American Industrial Bankers Assn., Hotel Gibson, Cincinnati, Ohio |
| May 25-28 | Eastern Regional Conference, National Association of Bank Auditors and Comptrollers, Mayflower, Washington, D. C. |

The closing date of the Graduate School of Banking is July 2 and not July 7 as given last month.



1,811 Trust Men Hear Midwinter Program

The conference is launched with a message on "Management's Trusteeship" by Trust Division President H. M. Bardt. A.B.A. President Evans Woollen, Jr., seated, at left

THIS conference will always remain in my memory as the conference with a challenge—a challenge to management, a challenge to trust men, and a challenge to all of us as citizens. In these words H. M. Bardt, president of the Trust Division of the American Bankers Association, evaluated the program presented at the 30th Midwinter Trust Conference in New York last month.

The "conference with a challenge" scored a record attendance of 1,811 trust officers who were faithful in attendance at sessions to hear discussions of management and operating procedures, advertising and customer relations, legal and tax aspects of trusts, and economics and government.

More than 1,000 trust men and women turned out to hear Representative Walter H. Judd, of Minnesota, a member of the House Committee on Foreign Affairs, speak on "The Significance for America of Events in Asia," at a luncheon tendered delegates at the conclusion of the conference by the New York Clearing House Association. Winthrop W. Aldrich, clearinghouse president and chairman, The Chase National Bank, welcomed the luncheon guests.

"The ultimate security of the United States depends upon maintaining a free and strong China," said Representative Judd. "The safety of America depends upon having a bulwark between this country and the totalitarian dictatorship of the Soviets in both Europe and Asia. While this has been clear-cut in our foreign policy as regards Europe, it has been neglected as regards Asia."

Congressman Judd emphasized strongly the imperative-ness of the United States' sending military aid, including top-flight commanders, to prepare while there is yet time to defend areas in China, just as we are at present doing in the case of Greece and Turkey.

Unless America does this, he said, the taxpayers of this country would never be free from the burden of economic support of our European allies and of Japan.

Speaking on "Management's Trusteeship" at the opening sessions, Division President Bardt said that management of trust business, along with management of all other business, has a trusteeship in addition to that imposed upon it by its customers—a broad obligation to the people of the nation as a whole. "Implicit in this trusteeship," he said, "is the responsibility to help safeguard the right of private property, and its corollary, our system of free enterprise.

"No business organization can continue to operate indefinitely at a loss. Undeniably costs are high, and in some few instances, disproportionately high. . . . Generally, based on my conversations with trust men from all parts of the country, costs are not out of line with present day prices of materials, labor, and other things necessary to maintain a corporate trust organization. The real cause for losses is the failure of corporate trust businesses in this country to obtain a fair measure of compensation for its services."

Excerpts from some other conference addresses follow:

The Part of Banking in National Unity

EVANS WOOLLEN, JR., president, American Bankers Association, and chairman, Fletcher Trust Company, Indianapolis

ERIC JOHNSTON has said in a recent address that you could administer a military defeat to Soviet Russia and still you would not have stamped out international communism.

Trust men and women listened intently at session after session throughout three days of discussions



A preconference view of delegates at the registration desk, left. The "get acquainted" hour and former Division President James W. Allison (vice-president, Equitable Trust Company, Wilmington), right, greets a couple of old friends. In background, A.B.A. Deputy Manager Merle E. Selecman visits with Comptroller of the Currency Preston Delano.

I believe that this is true because of the conviction of its adherents.

If all this be true, then what we need above all else is an American conviction. That is the essential tool for the accomplishment of either one of two alternatives. Those two alternatives are: Working out a basis upon which the two ideologies can live together in this world, or conducting a war to the destruction of one or the other. Before long, as time is measured by history, we must select one of those alternatives. Whichever our selection, I say, we need an American conviction.

Attaining and sustaining that conviction is, up to a point, more difficult for us than for those who follow the other idea. We draw no design of fancied perfection. Democracy tolerates imperfection for the sake of freedom. America salts all of life with humor and deals irreverence to everything that is mortal. These are safeguards in our ways which should make our conviction sounder when once attained. . . .

Organized banking, like every segment of the nation, feels an impelling duty under existing circumstances to make common front with the Government wherever possible. We shall bend our efforts toward the widening of that common front. We shall approach this task in an attitude of respect and with a wish to win respect for our own purposes.

That we could not do unless, while cooperating, we exercised our privileges of questioning and of criticism. In so doing we invite question and criticism of ourselves.

Trust Supervisory Symposium

JAMES W. ALLISON, vice-president, Equitable Trust Company, Wilmington, Delaware

EXAMINATION of a trust department is no longer a mere physical verification of trust assets, but now properly includes an analysis of policies, systems, and functions.

The officers and committee members of the Trust Division of the American Bankers Association and the representatives of the supervisory authorities in all 87 offices have an identical objective. One trust examiner put it this way: "We are all seeking to help all trust departments in the country regardless of size, to provide the best possible trust service to those who establish and to those who are beneficiaries of trust accounts, with safety to the institution and at a reasonable profit."

J. L. ROBERTSON, Deputy Comptroller of the Currency

It is far better in the long run to furnish good fiduciary services for adequate fees than to permit the pressure of competition to lead to inadequate fees and poor service.

I believe that many trust men tend to be too much on the defensive; for example, they are inclined to shy away from discussions of operating profits. Time and again one hears the complaint that a trust department is unprofitable, and frequently this is the result of superficial or arbitrary accounting and a failure to realize the inter-relations of a bank's departments as parts of an integrated institution.

I know of no reason why you should not point out the benefits derived by a bank from the depositors and borrowers who are attracted to it through the trust channel, and who are held by the same attraction.

It is not entirely a coincidence that in the larger cities the greatest growth of banks in recent years has been among those having trust departments.

J. ANTON CONNER, chief, Review Section, Federal Deposit Insurance Corporation

Reports of examination of trust departments of more than three thousand fiduciary institutions throughout the country reveal a lack of uniformity in methods of accounting and

Representative Walter H. Judd addressing the New York Clearing House luncheon on "The Significance for America of Events in Asia." Seated at Dr. Judd's left are Mr. Bardt and Frank E. Holman, president, American Bar Association, Seattle





The "New Look in Customer Relations" panel. *Left to right*, Swayne P. Goodenough, Rochester, N. Y.; Harve H. Page, Chicago; Walter Kennedy, Montgomery, Ala.; Earl S. MacNeill, New York, leader; and Division Vice-president John W. Remington, Rochester

operating procedures and differences in the nature, extent, and effectiveness of safeguards employed to preserve and protect trust assets.

For example: We find among other things that, in numerous instances, trust examiners have had occasion to comment about certain specific protective safeguards against losses and surcharges which might appropriately be called the three A's—audits; asset reviews; and administration folders, dockets, digests, or trust history records.

Trust Investment Problems

DR. MARCUS NADLER, professor of finance,
New York University, New York, New York

WHETHER the readjustment will be orderly, or whether it will degenerate into a recession of more serious character than can be envisaged at present, will depend to a considerable extent upon the psychological reactions of individuals and groups. It is fairly certain, however, that a severe decline in business activity cannot take place during the next 12 months, partly because of the farm policy adopted by Congress, which will keep farm income at a high level; partly because of large Government expenditures, increased public works and public housing; partly because ERP will maintain exports at a high level; and partly because the liquid savings in the hands of many individuals are still large and increasing. A possible decline in capital outlays by private enterprise will very likely be counteracted by an increase in expenditures by the Federal Government and by state and municipal governments. Business activity should therefore remain at a fairly high level, and all indications are to the effect that the economy during the coming year may be marked by a greater degree of stability than has been the case during the last few years.

National Trends

FRANK E. HOLMAN, president, American Bar Association, and partner, Holman and Sprague, Seattle, Washington

THE American people have become the victims of slogans and catch phrases. We had the "Square Deal," then the "New Deal," and now the "Fair Deal,"—all avowing faith

Management Attitude Important in Customer Relations

WALTER KENNEDY, president, First National Bank, Montgomery, Alabama

MANAGEMENT owes certain obligations to its staff which are fundamental and, unless they are fairly discharged, no customer relations program is going to be satisfactory.

The proper sequence of a customer relations program might logically be as follows: Employ an adequate staff of competent people; pay fair wages and provide reasonable working conditions and equipment; establish definite policies for employee guidance; and maintain continuous contact between management and employees through conferences and training courses.

If he (trust officer) has the quality of inspiring confidence, his decisions will be accepted without protest in the belief that they are fair and just. The trust officer should also inspire confidence on the part of the staff that he knows what he is doing, and that his management of the department is wise and equitable.

in the American system of free enterprise and constitutional and representative government but always moving toward and supporting a welfare and highly centralized type of government which is inevitably leading the American people into a collectivist economy and form of government. When our politicians want to put over a particular program, the easiest way to sell it is to work on the emotions of the people through some catch phrases.

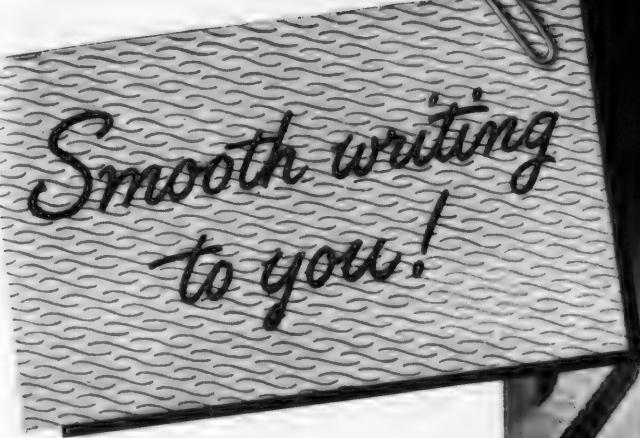
The so-called "four freedoms" was the greatest political catch phrase of all. The elephant in the zoo has all the four freedoms. He has freedom from want, for he is fed regularly; he has freedom from fear, for his natural enemies, the lions and tigers are in separate cages; he has freedom of speech, for he can trumpet whenever he wishes; he has freedom of belief, for he can think anything he likes. But he lacks the most important freedom of all—the freedom of individual initiative. It is this freedom of initiative and freedom from arbitrary control by government which is the basic freedom of free men.

One grows exceedingly weary of hearing how the so-called
(CONTINUED ON PAGE 111)

Common Trust Funds "shop talk" session drew a large attendance. Speakers, *left to right*, Baldwin Maull, New York; Maurice James, San Diego, Cal.; William E. Anderson, Cincinnati; A. W. Whittlesey, Philadelphia; Floyd O. Shelton, Fort Worth; and Charles Zukoski, Jr., Birmingham, speaking

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HEARD ALONG MAIN STREET

Ebbott President of Chase

A SHIFT of top level executives at the Chase National Bank of New York moved PERCY J. EBBOTT, a senior vice-president, to the presidency, and ARTHUR W. McCAIN, former president, to the office of vice-chairman of the board of directors.

CARL J. SCHMIDLAPP, senior vice-president, was appointed vice-chairman of the executive committee. EUGENE R. BLACK, formerly vice-president in charge of the bank's bond department, and United States executive director of the International Bank for Reconstruction and Development, has been made a senior vice-president but at Secretary Snyder's request will continue to hold his job with the Bank until his successor in that institution is appointed. GEORGE CHAMPION, a vice-president for the past 10 years, is another new senior vice-president. He participates in the management of the bank's business in correspondent relationships in the South.

Mr. EBBOTT, as one of Chase's senior lending officers, has had charge of the bank's business in the Middle West and Southwest. He helped develop the program of term loans during the Thirties. Active in the Reserve City Bankers Association, he is a former president of that organization. He began his career with the National Park Bank of New York in 1913, and was subsequently with the Seaboard National, joining Chase in 1930 as a vice-president after the Seaboard and the Equitable Trust Company had merged with the Chase.

EDWARD L. LOVE and HUGO E. SCHEUERMANN continue as senior vice-presidents.

W.G.F. Price Leaves Banking

WILLIAM G. F. PRICE has resigned as vice-president of the American National Bank & Trust Company of



P. J. Ebbott



A. W. McCain



W. G. F. Price



J. F. Verhelle

Chicago to accept the presidency of the Belding, Heminway Company, Inc., of New York, manufacturers of silk products. He continues as a director of the bank.

Mr. PRICE, well known in banking circles, especially as an expert on credit, has been a member of the Small Business Credit Commission of the American Bankers Association and was formerly on the faculty of The Graduate School of Banking.

Born in Macon, Georgia, he was graduated from the College of the City of New York and later got his master's degree at the Graduate School of Business of Columbia University. Joining the National City Bank of New York staff in 1917, he organized one of its midtown branches and was in charge there for several years. He had been vice-president of the American National in Chicago since 1942.

New England G.S.B. Men Elect

THE New England Group of The Graduate School of Banking elected RALPH C. ORDWAY of the Worcester County Trust Company as its president at the third annual dinner meeting recently. Mr. ORDWAY is a member of the Class of 1944. Other officers include: vice-president, E. M. JENNINGS, JR., '44, First National Bank of Boston; secretary-treasurer, M. RANDOLPH FLATHER, '44, Industrial Trust Company, Providence, Rhode Island; executive com-

mitteemen for three years, PHILIP H. BUTTERFIELD, '39, First National Bank, Concord, New Hampshire; HORACE B. SHAW, '49, Burlington (Vermont) Savings Bank; GEORGE K. BRADFORD, Canal National Bank, Portland, Maine.

Detroit's City Bank

JOSEPH F. VERHELLE is the first president of the new City Bank in Detroit, which scheduled its opening for late in February.

Other officers include: Vice-presidents, JOHN H. FRENCH, JR., vice-president of the French Mortgage and

(CONTINUED ON PAGE 90)

W. W. Gasser, second from left, president of the Gary (Indiana) National Bank, was named "Boss of the Year" by the city's junior chamber of commerce. Assistant Cashier John J. Williams, extreme right, received one of two distinguished service awards. Also in the photo, are, left, Dr. Richard Kadesch, voted Gary's outstanding young man of the year, and President Way of the JCC



Why bankers use the



in Chicago

Correspondent banks appreciate thoughtful and helpful information, as this banker did when he wrote:

"... You fellows have your ears a little closer to the ground than we do out here and we appreciate your passing these suggestions on to us."

Your Bank is cordially invited to use The First National Bank of Chicago as *your* correspondent.

The First National Bank of Chicago

Building with Chicago and the Nation Since 1863

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

(CONTINUED FROM PAGE 88)

Bond Company, and LAURENCE P. SMITH, who was president of the Central Savings Bank up to the time of its merger with the First National; cashier, CHARLES D. WHITE, former vice-president of the Peoples State Bank of Hazel Park, Michigan. Mr. FRENCH is secretary of the City's board.



W. N. Enstrom



R. H. West

Changes at Irving Trust

RECENT changes in the top management of Irving Trust Company, New York, brought WILLIAM N. EN-

STROM, president for the past seven years, to the board chairmanship, replacing HARRY E. WARD, who was elected honorary chairman. The Irving Trust's new president is RICHARD H.

WEST, formerly executive vice-president.

Mr. ENSTROM has spent most of his business life at Irving and has had broad experience in its activities, including the work of the foreign department which he headed for some time.

Mr. WARD, who served as president for 23 years and as chairman since 1942, completed 47 years with the bank last October. He will continue as a director and will be an important committee member.

President WEST, a native New Yorker, joined the staff in 1930 after spending some time in industrial reorganization after World War I. He was Irving's senior loaning officer for several years and had been executive vice-president since June 1947.

CHARLES R. DUNN, for 20 years fiscal agent of the Federal land banks and the Federal Intermediate Credit Bank of New York, died January 21 after a short illness. He was 70 years old. Mr. DUNN spent half a century in the banking business. As fiscal agent for the land banks he sold billions of dollars' worth of debentures for the system.

W. LINN HEMINGWAY, chairman of the Mercantile-Commerce Bank & Trust Company, St. Louis, and former president of the American Bankers Association, has been appointed to the Advisory Council of the Federal Reserve Board, representing the Eighth District.

FRANKLIN L. PARSONS is now associate director of research at the Federal Reserve Bank of Minneapolis.

Mississippi Merger

FEBRUARY 22 was the date for effecting the merger of the Capital National Bank and the Jackson-State National Bank of Jackson, Mississippi, as the First National Bank of Jackson, with resources of nearly \$75-million.

L. M. GADDIS, president of the Jackson-State since 1925, was made chairman of the institution, largest in Mississippi, while J. T. Brown, president of the Capital since 1933, was named president.

J. T. Brown



L. M. Gaddis



Where your interests are ours



Whatever your correspondent needs and problems, we approach them with the aim of serving your interests to our best ability. Banking transactions of every kind—urgent or merely routine—are handled with the care, speed and personal interest you'd require of your own staff. Lasting evidence of this is found in a correspondent relationship here.

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AND TRUST COMPANY of Chicago**
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(MEMBER FEDERAL DEPOSIT INSURANCE CORP.)





G. O. Nodyne



H. A. Dutcher

GEORGE O. NODYNE, president of New York Chapter, American Institute of Banking, is now a vice-president of the East River Savings Bank, New York City. He is in charge of personnel and branch operations and was formerly an assistant vice-president. CHARLES C. JOYCE, formerly treasurer of the bank, is vice-president and treasurer. Both men are alumni of The Graduate School of Banking. Miss DORCAS CAMPBELL, in charge of the East River's public relations, has been made an assistant vice-president.

H. A. DUTCHER, for the past 10 years head of Bank of America's Southern California residential real estate loan department, has been made a vice-president of the bank. Mr. DUTCHER has taken a leading part in studying housing problems in the Los Angeles area and has served on the Mayor's Housing Committee and the Governor's Reemployment and Rehabilitation Commission.

HARTWELL F. TAYLOR, assistant vice-president of The Bank of Virginia, Richmond, and vice-president of the American Institute of Banking, has been advanced to the correspondent bank division to assist CLARK L. KELLY who recently joined the staff as a vice-president in charge of that department. Mr. KELLY was formerly with the Citizens Fidelity Bank and Trust Company of Louisville. Mr. TAYLOR has been in charge of the bank's South Richmond branch.

Promotions at the Barnett National Bank of Jacksonville, Florida, include the advancement of E. G. HASKELL to a vice-presidency.

New directors of Chicago Title and Trust Company include J. PARKER HALL, treasurer of the University of Chicago, and MILTON C. MUMFORD, vice-president of Marshall Field & Company. PHILIP A. PAULSON was elected a vice-president.

HAROLD J. SCHLUTER has been made a vice-president of The First National Bank of Chicago.

COLOMBIA

Presents Extensive Opportunities

Colombia, among the leading countries of South America in trade with the United States, will offer increasing opportunities in the years ahead for travel, export and import trade, and development of new or expansion of existing local industries.

Increasing numbers of forward-looking banks and business organizations in the United States are establishing correspondent relations in Latin America, notably with Colombia. Many of them are taking advantage of the exceptional and complete banking facilities provided by this 36-year-old institution.

With 25 offices in all commercially important parts of the country, trade information is quickly gathered and forwarded to you. Special departments for handling collections and letters of credit.

Inquiries cordially invited.

BANCO COMERCIAL ANTIOQUEÑO

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Capital paid-up: \$8,195,000.—Pesos Colombian

Reserves: \$9,244,364.—Pesos Colombian

General Manager: Antonio Derka

Head Office: MEDELLIN, COLOMBIA, SOUTH AMERICA

BRANCHES: Anserma (V), Armenia, Barrancabermeja, Barranquilla, BOGOTÁ, Bucaramanga, Cali, Cartagena, Cartago, Cúcuta, Girardot, Magangué, Manizales, Montería, Neiva, Pasto, Pereira, Puerto Berrio, San Gil, San Marcos, Santa Marta, Sincelejo, Socorro, Vélez.

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Laurel, Nebraska *Fancy* 1949

STORK NATIONAL BANK of Laurel

Pay to the order of *Elaine Rice \$*
One baby girl 6 day no of DOLLARS
Judy Lee Fahnestock



Mr. and Mrs. W. G. Fahnestock of Laurel, Nebraska, used this announcement to tell friends that "one baby girl" (Judy Lee) had arrived. Mr. Fahnestock, assistant cashier of The Security National Bank in Laurel, says he made all the prints of the check in his own darkroom.

Opportunities

FOREIGN trade offers big opportunities for young, qualified Americans, said RUDOLF S. HECHT, chairman of the Mississippi Shipping Company of New Orleans, in the February *American Magazine*.

Mr. HECHT, former New Orleans banker and a past president of the American Bankers Association, discussed the expansion of world trade and prospects of the export-import business. He believes that every great port in the United States should move to develop foreign trade and to educate men to operate it.

Reporting on his visits to Africa in 1947 and 1948, Mr. HECHT said he was impressed by that continent's "amazing progress toward the improvement of the health, education, and general well-being of its people." He believes that new markets for our goods can be developed there.

The author cited the establishment of International House in New Orleans in 1945, and the city's International Trade Mart as good examples of how groups and organizations can pool their efforts to foster foreign trade. His article was titled "A World of Opportunities."

JOHN R. BALDWIN, former assistant personnel director of DeLaval Steam Turbine Company, Trenton, New Jersey, has joined the staff of The Bank of Virginia, Richmond, as director of personnel.

THOMAS C. BOUSHALL, president of The Bank of Virginia, Richmond, has been elected president of the Richmond Chamber of Commerce.

EUGENE FISH, a director and officer of the Royall National Bank of Palestine, Texas, since 1919, has been elected president, succeeding C. W. HANKS, now chairman of the board. Mr. FISH, executive vice-president since 1946, is a member of the Executive Council of the American Bankers Association and of the A.B.A. Small Business Credit Commission.

WILLIAM L. KLEITZ, president of Guaranty Trust Company of New York, was nominated by Governor Dewey for a three-year term on the New York State Banking Board, as successor to F. ABBOT GOODHUE, former president of the Bank of the Manhattan Company.

RALPH D. GRIFFIN, formerly vice-president of the Mercantile-Commerce Bank & Trust Company, St. Louis, has been promoted to executive vice-president. He is also a director. FRANK B. MERGET, formerly cashier, is now vice-president and cashier. New vice-presidents are JOHN B. MITCHELL and WILLIAM P. IMPEY.

J. F. GARDNER, manager of the Rossville Branch, Hamilton National Bank of Chattanooga, has been made a vice-president.

Industrial Trust Company of Providence, Rhode Island, has elected JOSEPH JACOBSON and GEORGE E. PERRITT to vice-presidencies.

FRANK C. RATHJE, president of the Chicago City Bank & Trust Company, and former president of the American Bankers Association, is chairman of the

men's special gifts division of the local Girl Scouts' 1949 fund-raising campaign.

DONNELL D. REED, a member of the Pittsburgh Planning Commission, has been elected real estate officer of the Peoples First National Bank & Trust Company of that city. He has had wide experience as a real estate specialist and appraiser.

Miss DAPHNE DAILEY has joined the staff of The Bank of Virginia, Richmond, as director of advertising and public relations. She has been editor of several Virginia newspapers and is a former president of the Virginia Press Association.

The Cleveland Trust Company has promoted GEORGE ROMOSER to a vice-presidency.

R. GREGORY PAGE, vice-president of Bankers Trust Company, New York, this winter observed the 45th anniversary of his employment by the bank. He is the only active member of the staff whose service dates from the year of the company's existence. Mr. PAGE, who is now in charge of Bankers' corporate trust department, was honored at a dinner given by the official staff and received from President S. SLOAN COLT a framed pyramid (symbolizing the bank's emblem) made of 45 cent pieces, one minted in each year of his service. President COLT told him that each coin was redeemable for \$100 when presented to the controller. Mr. PAGE is a member of the Corporate Trust Activities Committee, Trust Division, American Bankers Association, and has written extensively on that phase of trust work.

President Colt, right, presents the bank's gift to Mr. Page





Allan Forbes



C. A. Eaton, Jr.

The 50th anniversary of the association of President ALLAN FORBES with the State Street Trust Company of Boston was marked on February 1 by a bank family party at a hotel. More than 500 members of the organization, including officers and directors, attended. CHARLES FRANCIS ADAMS, chairman of the board, spoke for the group in tribute to Mr. FORBES' accomplishments in banking and community affairs during the half century.

Fidelity Union Trust Company of Newark, New Jersey, has added to its staff as vice-president CHARLES A. EATON, JR., executive vice-president of the New Jersey State Chamber of Commerce since 1942. Mr. EATON was aide to his father, Representative Charles A. Eaton, a United States delegate to the United Nations conference at San Francisco. Also in 1945 President Truman appointed him as an alternate industry delegate to the National Labor-Management Conference. WILLIAM A. HUGHES, president of the New Jersey Bell Telephone Company, has been elected a director of the bank.

JOHN D. GOODLOE, secretary of the Coca-Cola Company and former chairman of the Reconstruction Finance Corporation, is a new director of the Trust Company of Georgia, Atlanta.

PAUL R. GEISINGER, formerly manager of the consumer credit department, The National City Bank of Cleveland, has been made vice-president in charge of that department.

The First National Bank in Houston has elected TOM H. MATTINGLY a vice-president and Mrs. JACKIE GREER an assistant cashier. Mrs. GREER formerly had the title of personnel director.

T. H. Mattingly



Mrs. Greer



Dale Brown



F. E. Jackson

DALE BROWN, assistant vice-president of the National City Bank of Cleveland, is now president of the Community Chest of Greater Cleveland. For the past 26 years Mr. BROWN has been an active volunteer worker for the organization.

FREDERICK E. JACKSON, vice-president of the National Shawmut Bank, Boston, has retired after 48 years of service. He headed the bank's New England correspondent banking division for 24 years. Vice-president ROHL C. WIGGIN has succeeded him.

A. DEE SIMPSON, vice-chairman of the board of The National Bank of Commerce, Houston, has been elected to the board of the Houston public library.

CLIFFORD H. COX has been promoted to a vice-presidency at the Marine Trust Company of Buffalo.

MM MODERN MACHINERY

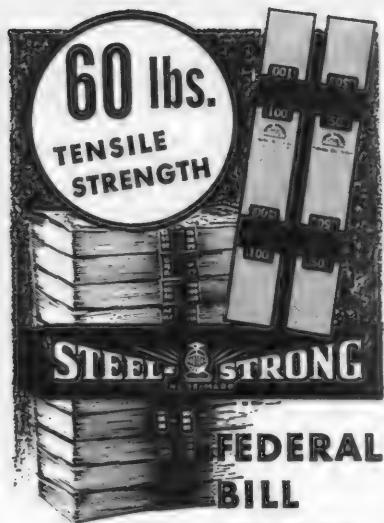
CHOOSE YOUR TOOLS

By The JOBS They Do!

The real measure of tools is their capacity for work . . . their thorough performance under all field and weather conditions. Precision-engineered MM Modern Machines and Tractors are "work-hungry teammates" that get the job done right, quicker! Extra reserve of power, lower operating costs and heavy-duty construction give MM Visionlined Tractors extra punch. High-speed, Hi-Klearance MM Plows are better-scouring and longer-lasting. MM Disc Harrows, MM Wheatland Disc Plows, World Champion MM Planters, and Moline-Monitor Drills couple your future to real profit-earning investments! Maximum-strength MM plows for better penetration and greater clearance . . . quality planters and drills in model choices to fit all soil conditions for more accurate, uniform planting of crops . . . hook them to rugged MM Visionlined Tractors and watch your net profits increase!

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J. M. Trenary



H. T. Bodman

JAMES M. TRENARY, vice-president of the United States Trust Company of New York, has been elected to the institution's board of trustees. He is a member of the Executive Committee of the A.B.A. Trust Division; vice-chairman of the trust division of the New York State Bankers Association, and a past president of the Corporate Fiduciaries Association of New York City. He is also on the executive committee of the banking division, New York State Bar Association.

A.I.B. Life Member

AN honorary life membership in the American Institute of Banking has been awarded to BENEDICT J. LAZAR, vice-president of the Federal Reserve Bank of Cleveland, in charge of its Cincinnati branch. Mr. LAZAR retired March 1 after 49 years in banking, the last 31 of which were with the Federal. Endorsing his election by the governors of Cincinnati Chapter, A.I.B., the chapter's past presidents said:

"We are mindful of the lasting debt to Mr. Lazar for his long and active interest in the affairs of the Institute. We heartily endorse this election of our ninth honorary life member since our chapter was organized in 1901."

Dr. BENJAMIN M. ANDERSON, professor of banking at the University of California, Los Angeles, and former economist of the Chase National Bank, New York, died January 19 of a heart attack. He was 62 years old.

Directors of The First National Bank of Jersey City have elected KELLEY GRAHAM, formerly president, to the chairmanship of the board. The new president is CLIFFORD A. SPOERL, formerly first vice-president.

Kelley Graham



C. A. Spoerl



HENRY T. BODMAN, formerly a director of the Reconstruction Finance Corporation, has been elected vice-president and assistant to the president of the National Bank of Detroit.

GEORGE A. PEER, formerly treasurer, WILLIAM G. DEWITT, SEYMOUR DRIBBEN, and EUGENE W. STETSON, JR., have been made vice-presidents of the Chemical Bank & Trust Company, New York. ARTHUR P. RINGLER was appointed treasurer.

LANG WHARTON, 68, executive vice-president of the First National Bank in Dallas, died recently following a heart attack. Mr. WHARTON, who entered banking as a messenger at the age of 17, was a member of the board of trustees of the Educational Foundation in Economics, American Bankers Association, and a director of the Reserve City Bankers Association.

HAYES PICKLESIMER, executive vice-president of the Kanawha Valley Bank, Charleston, West Virginia, has been made president, succeeding JOHN I. DICKINSON, now chairman of the board. V. W. O'DELL is first vice-president and assistant secretary, and R. E. DEWEY is cashier and treasurer. Mr. PICKLESIMER is chairman of the Committee on State Legislation, American Bankers Association, and a member of the A.B.A. Small Business Credit Commission.

HELMER O. JOHNSON and JAMES R. DEKORNE are new vice-presidents of Central Bank of Oakland, California.

New vice-presidents at Harris Trust and Savings Bank, Chicago, include GEORGE S. ALLEN, JOHN J. McDONOUGH, ROBERT W. ROGERS, FRANKLIN O. MANN, and WARREN L. FELLINGHAM. Mr. ALLEN is a former president of Chicago Chapter, American Institute of Banking, and has been active in Institute debating.

The Puget Sound National Bank of Tacoma, Washington, has promoted to the office of vice-president C. D. OGDEN, H. A. LINCOLN, and A. E. SAUNDERS.

(CONTINUED ON PAGE 96)

C. D. Ogden



G. S. Allen



BANKING

FIELD WAREHOUSING THE LAWRENCE WAY...

Lawrence Service Now Available To Protect Your Small Loans

IN ADDITION to our standard field warehousing service as conducted for 35 years, Lawrence has now opened a special "Small Business" Department.

The same efficient safeguards which Lawrence provides for your larger commodity loans are now available for these smaller loans... at a cost scaled to reflect the value of the commodities warehoused.

For the Record:

Lawrence is the largest, strongest and most experienced organization conducting nationwide field warehouse operations. Lawrence Warehouse receipts are supported by the strongest financial statement in the field warehouse industry. We have always discharged our liability in full to all holders of Lawrence Warehouse receipts.

This extension of our service makes possible the application of Lawrence field warehousing methods to the treatment of customers' credits ranging from \$25,000 down to as low as \$5000.

Loan officers will recognize the usefulness of this new service as an alternative to chattel mortgages or the granting of open credit. It can assist in improving your present loan portfolio. It opens a tremendous new field for profitable loan business with manufacturers and wholesalers having inventories of moderate size.

A Lawrence representative is ready to confer with you or your clients and explain the working of this new "Small Business" service in full detail.

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Portland • Stockton • Fresno • Washington, D.C. • Manila, P.I.

(CONTINUED FROM PAGE 94)

The Northern Trust Company of Chicago has promoted SOLOMON BYRON SMITH and EDWARD BYRON SMITH to executive vice-presidencies. Both men, former vice-presidents, are fourth generation Chicago bankers and will be active in the general management of the bank with their father, President SOLOMON A. SMITH. DOUGLAS R. FULLER has been made a vice-president.

Promotions at the Guaranty Trust Company of New York include vice-presidencies for ALAN C. ABEEL and HAROLD M. SHERMAN, JR.



S. B. Smith

E. B. Smith

The San Antonio Lions Club recently honored ROBERT D. BARCLAY, president of the National Bank of Commerce, San Antonio, by presenting him with his 30-year chevrons. Mr. BARCLAY is one of two active charter members of

the club, the largest Lions group in Texas.

E. CHESTER GERSTEN, who began his banking career 40 years ago as a messenger, recently celebrated his 20th anniversary as president of The Public National Bank and Trust Company of New York City. Mr. GERSTEN is a past president of the New York State Bankers Association.

W. OTTO FROSCH, JR., has succeeded C. E. CROSBY as cashier of the Empire State Bank of Dallas. Mr. CROSBY is now a vice-president.

New vice-presidents at the First National Bank and Trust Company of Oklahoma City include PHILIP J. RHOADS, W. H. McDONALD, and P. H. HENEGHAN.

HAROLD T. JOLLEY, president of the Boatmen's National Bank, St. Louis, has been appointed a trustee of the St. Louis Symphony Orchestra Society's endowment fund.

ROD MACLEAN, advertising manager of Union Bank & Trust Company of Los Angeles, has been made an assistant vice-president.

First National Bank and Trust Company of Racine, Wisconsin, has elected JOHN A. GEVER to the office of vice-president. He was formerly vice-president and cashier. The new cashier is GEORGE S. CORMACK.

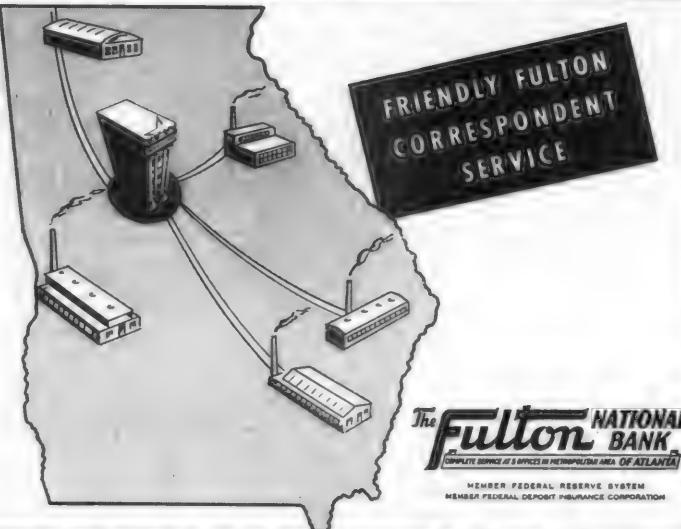
G. HAROLD WELCH, vice-president and trust officer of the New Haven (Connecticut) Bank, N.B.A., and secretary of the Connecticut Bankers Association, has been elected to the bank's directorate.

WILLIAM E. THOMAS was elected treasurer of the Provident Institution for Savings, Jersey City, to take the place of the late KENNETH B. WILSON.

FRANK A. SEWELL, president of Liberty National Bank, Oklahoma City, is now a director of the Oklahoma City branch of the Federal Reserve Bank of Kansas City.

ERNEST J. BARBER, formerly chief examiner for the Federal Reserve Bank in Dallas, has been appointed vice-president and assistant trust officer of the First National Bank of that city. Mr. BARBER spent 24 years with the Reserve System. DAVID REED has been made a vice-president of the First.

MORE and CLOSER FRIENDSHIPS



FAST • DEPENDABLE • COOPERATIVE

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In an emergency you will find at the Shawmut Bank both ability and exceptional willingness to carry out difficult or unusual assignments in the New England area. For over 113 years this bank of "Outstanding Strength" has provided prompt results in handling transactions for correspondent banks.

The National Shawmut Bank

40 Water Street, Boston

Member Federal Deposit Insurance Corporation

CAPITAL \$10,000,000

SURPLUS \$20,000,000



Promotions at the Fifth Third Union Trust Company, Cincinnati, include: EDWARD W. NIPPERT, to vice-president and trust officer; ALBERT REIK and WILLIAM S. ROWE, to vice-presidents.

GEORGE W. TREPP and RAYMOND B. KELSEY have been made vice-presidents of the Hartford-Connecticut Trust Company.

The County Bank of Fort Myers, Florida, has made BROWN AUSTIN executive vice-president. He was formerly vice-president and cashier.

New vice-presidents of Continental Illinois National Bank and Trust Company, Chicago, are: REUBEN G. DANIELSON, PAUL E. MILLER, WILFRED E. RESSEGUE, and CECIL P. BRONSTON.

The First National Bank of Mishawaka, Indiana, recently observed its 50th anniversary.

J. J. KELLY, vice-president of the Walker Bank and Trust Company of Salt Lake City, has been made a vice-president.

RICHARD L. MIDDLETON, vice-president and treasurer of the Corn Exchange Safe Deposit Company, New York, has been elected president of the New York State Safe Deposit Association.

H. S. LAFOON has been made a vice-president of State-Planters Bank and Trust Company of Richmond.

The Merchants National Bank and Trust Company of Syracuse, New York, has promoted ROYAL L. O'DAY to a vice-presidency.

New vice-presidents of the South Shore National Bank, Chicago, are HERBERT M. BATSON and RAYMOND P. DUFFY. DONALD M. CARLSON, formerly vice-president and cashier of the State Bank of Blue Island, Illinois, has moved to the South Shore as cashier.

Commerce Trust Company of Kansas City, Missouri, has promoted BRUCE H. THOMAS and CHARLES A. TRUITT to vice-presidencies.

NORMAN I. ADAMS has retired as president of the Lexington (Massachusetts) Trust Company and as vice-president and director of the National Shawmut Bank of Boston. His successor as president of the Lexington bank is ROBERT H. HOLT.

HARRY B. PHILLIPS, president of Lebanon County Chapter, American Institute of Banking, has been elected assistant treasurer of the Lebanon County Trust Company, Lebanon, Pennsylvania.

ROBERT S. BACON, formerly vice-president, is now executive vice-president of the First National Bank of Mobile. WILLIAM E. AKRIDGE, JR., ALBERT E. REYNOLDS, and VERNON L. SIBLEY have been promoted to vice-presidencies.

F. P. GALLOT and F. F. HARRINGTON

have been made vice-presidents of Crocker First National Bank of San Francisco.

ALFRED H. HUNT, JR., vice-president and treasurer of the American Surety Group, has been elected a trustee of American Surety Company with which he has been connected since 1940.

WILBUR D. FULTON has been placed in charge of the Cincinnati branch, Federal Reserve Bank of Cleveland, as vice-president. PAUL C. STETZELBERGER and ROGER R. CLOUSE have also been promoted to vice-presidencies.

SHORT MEMO...

Apparently our booklet called "How to Invest" has helped a lot of people.

It's a thirty-two page look at the whole problem of investing, points out the basic principles any beginner should know — and experienced investors should review.

We thought your friends and depositors might like to see it. So bulk copies are available without charge. If you'd like some, just write —

Department W-10

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Training Employees

(CONTINUED FROM PAGE 49)

many supervisors find it difficult if not impossible to carry on without extra help. They always need additional assistance to get through the vacation period. These supervisors resist the promotion of capable employees because there is no one else to perform the work. Furthermore they're far too busy to bother training a new person. As a result, initiative is stifled, additional employees are required to handle the same volume of work, and the supervisor is forced to take on more and more detail work with the resultant deterioration of his executive capacity.

In the Central National Bank of Cleveland, through the medium of supervisors' conferences, all supervisors are encouraged to maintain an up-to-date personnel inventory and training timetable. As a result, supervisors are constantly reminded of weak spots in their experience coverage and find it relatively easy to plan for the necessary training. The majority of our departments are able to take employee absences and vacations in stride because most of the jobs in any given department can be performed by at least two persons. Of greatest importance to employees and management alike is the fact that a policy of promotion from within can be followed for practically all positions because no employee need be held back due to the lack of a trained replacement.

Valuable as training is, a majority of the banks in the United States do not have a sufficient number of employees to warrant setting up a training department. This means that training must be done *on the job*.

The results of training can be only as good as the training. For this reason, the next step should be the selection of the person who will be the instructor for each job. This person should be selected more for teaching ability than for technical skill, because success in training depends more on how the material is presented than on the ability of the instructor as a technician. The truth of the J.I.T. formula, "If the learner has not learned, the instructor has not taught," has been demonstrated time and again.

Instructor's Temperament Important

We have found that the best results are achieved when the instructor is even-tempered, friendly and patient, though perhaps less skilled than others in the department. When a person is selected as instructor, those who may be more skilled or have been in the department longer receive a careful explanation of the reasons for the selection.

Before the actual training begins, the instructor or the department supervisor should break down the job to be taught in small, logical segments. As a general rule each one should contain 10 steps or less. The Job Instructor Training type of job breakdown is probably the simplest and most effective method of doing this.

The teaching of a long complicated operation is facilitated if it is divided into logical segments and a job breakdown prepared for each one. This permits the learner to master the segments one at a time.

We have found that a program of official approval for each job breakdown is both necessary and advantageous. As each job breakdown is completed, it is approved by the department supervisor, the officers in charge of operations and a representative of the methods planning division. A copy is retained in the methods planning division to provide a basis for future methods improvement. We have also discovered

JOB BREAK-DOWN SHEET FOR TRAINING MAN ON NEW JOB		
DIVISION	COMMERCIAL TELLERS	OPERATION... ACCEPTING COMMERCIAL DEPOSIT
	IMPORTANT STEPS IN THE OPERATION	KEY POINTS
	Step: A logical segment of the operation when something happens to ADVANCE the work:	Key point: Anything that might make or break the job Leave the worker Leave the bank ready to do Leave with special notes Leave with special information
1. GREET CUSTOMER	PLEASANTLY - BY NAME	
2. IDENTIFY ACCOUNT	REFERENCE TO DEPOSIT TICKET, PASSBOOK	
3. CHECK ENDORSEMENTS	CURSORY EXAMINATION	
4. SEGREGATE AND COUNT CURRENCY	LIST ON BACK OF DEPOSIT TICKET CHECK WITH DEPOSIT TICKET	
5. PLACE CURRENCY IN DRAWER		
6. MAKE OUT CURRENCY TICKET	LEGIBLE FIGURES	
7. PLACE TELLER'S STAMP ON DEPOSIT TICKET	AVOID BLURRING FIGURES	
8. ENTER IN PASSBOOK OR STAMP DUPLICATE		
9. RETURN PASSBOOK AND BID CUSTOMER GOODBYE	PLEASANTLY	

Breakdown sheets are adaptable to many bank jobs

that when formal procedures do not exist, the job breakdowns make a very satisfactory substitute. In fact, we are now engaged in a program of producing job breakdowns for every job not covered by formal procedures.

Review of job breakdowns by top operating personnel is necessary to assure that trainees are instructed in the approved method of performing the operations and that successive trainees do not change the procedure completely through their own innovations. I do not mean to imply that procedures should never change; however, changes which are made should have full official approval. More than this, a review of job breakdowns by one or more supervising officers goes far toward tightening up loose operations, eliminating unnecessary or dangerous steps in the daily routine and standardizing methods.

The pattern for the actual training procedure is pretty well established through the experience of industry and banks during the war years, so that the steps to be taken are well known. Following is a brief outline of the job instructor training method sponsored by the American Institute of Banking:

1. Prepare the worker. The preparation of the worker for learning involves putting the mind at ease by means of a friendly and understanding attitude. Interest in learning the particular job should be developed by explaining the reasons why it is done and its relation to other jobs in the bank and in the department. A clearance clerk who realizes the role that checks play in community affairs will perform her work with a great deal more interest than one who considers checks as just so many pieces of paper which she must handle again and again.

In the Central National Bank of Cleveland the supervisors do an excellent job of preparing new or transferred

employees for the learning of their new jobs. Each new employee receives a careful explanation of the work of the department, its relation to the rest of the bank, and the importance of the new job. We have established to our satisfaction that there is a definite relationship between preparation and employee turnover.

2. Present the operation. Presenting the operation to the learner involves telling and showing, taking one step at a time, clearly and patiently. It is important that the learner understand each step as the presentation is made. The instructor should not hesitate to repeat as often as necessary, because full understanding at this stage of the learning process greatly reduces training time and does much to simplify the instructor's job. The combination of telling and showing enables the learner to use his eyes *and* ears for greater learning effectiveness.

3. Try out the learner's performance. The learner should go through the operation once, with the instructor correcting errors as they occur. The second time through, errors should be corrected and the performance should be watched closely for proper execution of the little "tricks of the trade" which make the difference between a good and a bad performance. This process should be continued until the instructor is satisfied that the learner is ready to handle the operation alone.

4. Follow-up. Once the new procedure has been mastered, the learner should be put on his own. However, adequate follow-up is required to make certain that the learner does not stray too far from the proper method. The instructor should be within easy reach and the learner should be encouraged to seek advice and help from the teacher whenever any doubt enters his mind as to the procedure to be followed. The teacher should also make a practice of checking with the learner frequently, until fully satisfied that all phases of the operation are under control.

Emphasize the Four Steps

In the training of on-the-job instructors, we have found considerable emphasis must be placed on following the four steps outlined here. The needed emphasis is effectively obtained by permitting the neophyte instructor to observe the teaching of a simple operation to two different learners. The first presentation is made in a manner which violates all of the above principles. The same operation is presented to the second learner according to the J.I.T. formula. The differences in learning time and operating proficiency on the part of the learners is usually sufficiently obvious to eliminate all need for further emphasis of the importance of following faithfully the four steps.

It should be remembered that the A.I.B. formal Job Instructor Training course provides 10 hours of instruction in the 4-step method for instructors and a 40-hour institute for those who train instructors. While this type of formal instruction is required to produce the best results, it is my opinion that banks which are not using the 4-step method outlined above can improve their training by doing so.

Most banks are in a position to offer exactly the same services to their customers. The difference lies in the way the services are performed by the individuals who make up the character of our institutions, through the men and women who are the bank to the people we serve. Poorly trained personnel can only increase a bank's expenses because of the waste of manpower, material and customer goodwill. Effective training will go far toward rendering efficient service to customers and providing an adequate return for employees and stockholders.

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that we
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to our
Purse Promotion Program

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similar letters about their trust
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Give us an opportunity to
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methods.

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There is no obligation.

THE PURSE COMPANY
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METHODS and IDEAS

(CONTINUED FROM PAGE 45)

Extra: Bank Report Uses Cartoons!

Turning to the general bank reports—rather, the ones that were more or less dressed up—the pamphlet published by GIRARD TRUST COMPANY of Philadelphia got wide publicity. The news was that a 112-year-old bank had used cartoons, as well as five-color charts, to tell its story. And papers also quoted from President John E. Gowen's foreword in which he said:

"In the early days of the history of corporations, management largely operated as it thought best and without public disclosure of policy. In those days stockholders might receive some information about a company; but employees, customers, and the public generally were left in the dark. Today the attitude of management has changed. Here in our own company we realize that successful operation requires full knowledge and understanding of the company's policies and responsibilities on the part of stockholders, employees, customers, and the community at large. We believe that sound, well run financial institutions are an economic necessity, and it is the responsibility of those who are directing such institutions to give the public a full report of procedures and progress from year to year."

Eight wash drawings by Helen E. Hokinson of *New Yorker* fame concentrated on questions asked in banks by women—exaggerated questions, of course, and each good for a chuckle. Large, bright bar charts provided comparative studies of the bank's business over the past decade. At the end of the report was a list of securities owned by the Girard. A three-color organization chart was tipped inside the third cover.

The report is "intended for the information of all who have a direct or an indirect interest in the successful operation of this company."

Forty-Niners

Through the annual report of BANK OF AMERICA the reader observes financial California a century after the gold rush. Attractive sketches, in color, suggest the earlier days when wagon trains rolled westward across the continent and sailing ships raced to the Coast.

"Spreading of news that gold had been discovered in Sutter's mill race," the text said, "touched off the first of a series of mass migrations to California, the most recent of which, and the greatest yet in point of numbers, was

The caption on this cartoon in the Girard Trust report was: "If I make you guardian for my child will I need a baby sitter any more?"



the migration of the 1940's which brought war workers and, later, victorious veterans to build a better future for themselves and their families upon the foundations of the Golden State. . . . Through the years the plenteous resources of California have attracted resourceful people in successive waves of migration. . . . Forty-niners of all generations have had one characteristic in common: all of them have sought greater opportunity, a more abundant life—and they have been ready to work for these things. They were empire builders. They have done—and are still doing—a great job of building."

Bar charts in color, supplementing the text, helped recount the bank's year.

With the report went a printed letter from President L. M. Giannini requesting stockholders to answer several questions. They were asked whether they read the report, what they thought about its length, and how it might be improved. Other questions inquired whether the reader was a customer or borrower, and if he had any suggestions for improving its services or increasing its business.

Autographed

THE MITCHELL (South Dakota) NATIONAL BANK printed its report on slick paper in two colors (brown and black). The first page shows the bank's doorway, with a glimpse of the interior; and scattered through the pamphlet are other views. The Mitchell's monogram was imprinted at the lower outside corner of each page. But BANKING was most impressed by the fact that the text of the report is signed, in pen and ink, by President J. M. Patton, Vice-president J. N. Shelby, and Cashier Oscar E. Fristad. That was indeed the personal touch!

Location Maps

AMERICAN SECURITY & TRUST COMPANY of Washington, D. C., featured

not only full-page charts showing sources and distribution of gross income and comparisons of assets and liabilities, but a two-page center spread map of the District of Columbia spotting the offices of the bank, as well as points of interest in the capital. Radiating from each branch location was a detailed blow-up of its immediate vicinity, drawn to simulate magnification by a glass.

With the report the bank sent a steel engraving of the U. S. Treasury building in 1804. This is the first of what the bank hopes will be a series of prints of historic places in Washington.

Attention Getters

Many banks used visual methods of reporting pertinent statistics. COMMERCIAL NATIONAL of Peoria, Illinois, for example, told the operating results in colored graphs and charts. The easy-to-read story covered various loan categories, total checks paid, number of savings accounts, and the stockholders' investment over the past decade. Drawings and half-tone illustrations, in color, brightened the booklet.

CHASE NATIONAL BANK of New York included a dozen or so bar charts on various phases of its operations, with comparisons back to 1939. Net earnings, rates of interest, loans, resources, and personnel were among the categories thus covered. On the inside of the front cover a type panel, "Your Bank in Brief," highlighted features of the report.

VALLEY NATIONAL BANK of Phoenix, Arizona, offered its stockholders a 28-page report, in typewriter face, which provided a detailed statistical review of the year. Included was a discussion of Arizona's postwar economy. Many charts and tables provided data on various phases of operations and comparisons with previous years.

MERCHANDISE NATIONAL BANK of (CONTINUED ON PAGE 102)



To Complete Your Modernization *...The IBM Proof Machine*

Modernized facilities assure the bank customer the utmost in comfort and convenience while transacting his business. But beyond the point of customer transaction, a bank must be equipped to handle efficiently the multitude of items that flow through its operating department each day.

The IBM Proof Machine can complete

your modernization program by bringing speed and efficiency to the sorting, listing, proving, and endorsing of checks. Scientifically designed to reduce operator effort, it maintains full control over all items while performing the four basic functions in one simple operation. There is an IBM Proof Machine to meet the needs of your bank—whether large or small.

IBM

ELECTRIC PUNCHED CARD ACCOUNTING MACHINES
PROOF MACHINES . . . SERVICE BUREAUS . . . ELECTRIC TYPEWRITERS . . .
TIME RECORDERS AND ELECTRIC TIME SYSTEMS

International Business Machines Corporation, World Headquarters Building, 590 Madison Avenue, New York 22, N. Y.

Chicago continued the practice, introduced last year, of presenting its report in question and answer form. The 1947 pamphlet won the "Highest Merit Award" given by Financial World magazine in that publication's annual judging of financial reports of American business.

Report by Letter

Stockholders of PACIFIC NATIONAL BANK, San Francisco, received from President H. R. Gaither a letter summarizing the year's results. Mr. Gaither explained that the management was omitting "all the schedules previously furnished" and in their place was in-

corporating "data we believe to be of the most interest to you." He extended to each stockholder an invitation to call at the bank and discuss with him or a senior officer "any phase of the operation of the bank." The review of the year filled about two and a half pages of single-spaced typewriting.

Stock for the Staff

Late last year the officers of the FIRST AMERICAN STATE BANK at Wausau, Wisconsin, thought it would be an excellent idea if all the employees could own stock in the bank. At that time 15 members of the staff, out of a total of 47 in

the bank itself and 15 in its building company, were shareholders.

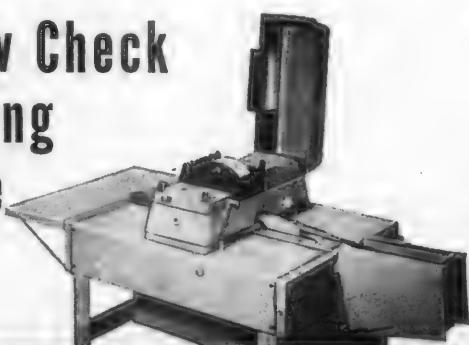
A block of stock was then available, but several complications developed in financing it for staff members. However, through the cooperation of the State Banking Department a plan was evolved whereby the employees organized a non-stock, non-profit organization called the American Investors Corporation. They elected the officers and directors from their own group, got a charter from the state, and through the medium of the corporation were able to purchase the amount of stock they wished to pay for during a year's time. The shares not subscribed were offered to the officers.

Here's how the plan works: An employee subscribes to as many shares as he wants, giving the corporation an instalment note payable in one year, plus an authorization to the bank to deduct from his salary an amount sufficient to pay the note in 24 equal instalments.

The corporation then uses the notes as collateral and borrows from the bank an amount sufficient to buy the stock which is held by the corporation until fully paid for. If an employee leaves the bank before finishing his instalments, the unpaid stock is purchased by the AIC.

Officers of the corporation are: Presi-

This new Check Imprinting machine



Saves TIME and MONEY Increases PROFITS for your bank!

This is it—the new Todd pocket-check Imprinter that enables any employee to imprint and bind a filler in a few moments! . . . A revolutionary principle of inking produces hair-line clarity in imprinting depositor's name and address.

The Imprinter de-skills pocket-check imprinting... can be operated by any employee... eliminates detail of ordering from outside supply sources... speeds delivery to depositor. By imprinting customer names on *all* pocket checks, you avoid costly mis-sorts and mis-postings. The Imprinter is banking's newest public relations tool... makes possible the kind of service that builds customer good will and *invites* new business.

Get the whole story, simply by mailing the coupon below. Send it now, while it's handy.



THE TODD COMPANY, Inc., Rochester 3, N.Y.

Please send complete information about the new Todd pocket-check Imprinter. No cost or obligation to me.

Bank _____

Address _____

City _____ Zone _____ State _____

By _____

B-3-49

The Westchester branch of the Security-First National Bank, Los Angeles, is using a showcase type of new account department. Checkbooks, home savings banks, safe deposit boxes, etc., are displayed. Manager Harold Brown, right, and Teller Ray Rennie believe the case has excellent sales possibilities. It's a durable installation, too: a child ran his tricycle into the glass without damage to case or rider.



dent, Fred E. Erickson; vice-president, Lester J. Wachholz; secretary, Irma Gebhard; treasurer, John G. Kutil.

"We can now say," says the bank, "that 100 percent of our employees, both bank and building company, are stockholders. The enthusiasm and cooperation of the employees in making the plan a success was more than we had hoped for. The immense value of employees being stockholders cannot be overestimated; neither can the cooperation and better feeling between the bank and its employees."

"The plan may continue year after year if stock is available on the market."

And the bank is sure that it will be continued "for many years to come." Because officers and employees are "most pleased with the results" and feel that "all banks would benefit if such a plan were feasible for them," the First American State passes along the idea to BANKING'S readers.

A Popular Calendar

The CANAL NATIONAL BANK of Portland, Maine, has issued the fourth in its series of historical calendars featuring old scenes in the city that was settled more than 300 years ago.

The cover page is in two colors and depicts a barge canal view against a backdrop of mountains. The 12 pages are done in three or four colors for the illustrations. A colonial yellow is used as the overall background tint for each page, the dates being printed in black against white. The last sheet contains 12 historical sketches describing the prints.

Distribution of the calendar is limited almost entirely to the bank's customers and friends. There is a brisk demand for each issue of the calendar which is produced for and published by the Canal.

New Approach

The SIMSBURY (Connecticut) BANK & TRUST COMPANY tried a little experiment in informality early this year—and it worked.

When the time came to send out the notice for the stockholders' annual meeting President George H. Stebbins decided to add a bit of warmth to the chilly, impersonal call. So he wrote the following letter:

"Dear Fellow Stockholder:

"Attached is the call for the annual meeting of the stockholders. It's a kind of cold, formal legalistic way of saying that we, who have invested our money in the capital stock of the bank, are going to have our annual get-together.

This year we will meet in the dining room of the Eno Memorial at 3:00 P.M. on Thursday, January 27, 1949.

"Probably the official call is formal because our annual meeting is a legal and by-law requirement. Even if it were not required, we still would want to have at least one occasion during the year when, as owners of a business, we could review the results of the year past and do some thinking about the future.

"Annual meetings tend toward two distinct types—One, quite formal, brief and unhurried; the other, voluminous

reports, entertainment, and refreshments.

"Probably the ideal is between these extremes—a well attended meeting at which directors and management present sufficient information and data to enable stockholders to understand the problems, progress—or lack of development—and trends in the business they own.

"Be with us if you can. Your ideas will help your directors in the task they have seriously assumed."

(CONTINUED ON PAGE 105)

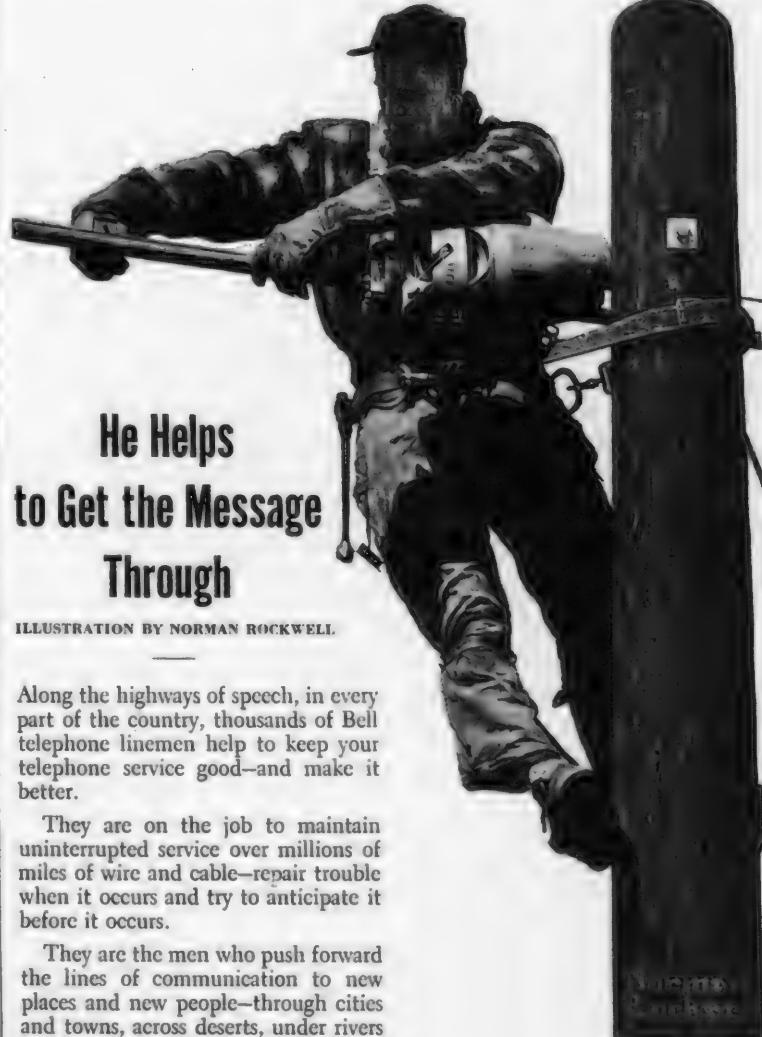


ILLUSTRATION BY NORMAN ROCKWELL.

Along the highways of speech, in every part of the country, thousands of Bell telephone linemen help to keep your telephone service good—and make it better.

They are on the job to maintain uninterrupted service over millions of miles of wire and cable—repair trouble when it occurs and try to anticipate it before it occurs.

They are the men who push forward the lines of communication to new places and new people—through cities and towns, across deserts, under rivers and over mountain tops. By breaking all construction records since the war, they have played an important part in the constant improvement in telephone service.

In the everyday doing of the job, as in the dramatic emergencies of fire and storm, the telephone linemen help to get the message through.

BELL TELEPHONE SYSTEM



• • • • CHRISTMAS CLUB PIONEERS • • • •



HEADQUARTERS:
NORWICH, N. Y.
BRANCHES:
BAINBRIDGE, N. Y.
NEW BERLIN, N. Y.
EARLVILLE, N. Y.
SHERBURNE, N. Y.
SOUTH OTSEUC, N. Y.

36 YEARS AGO CHRISTMAS CLUB PIONEERED WITH THE NATIONAL BANK AND TRUST COMPANY

of Norwich, New York

When the National Bank and Trust Company first started with Christmas Club back in 1913, its total assets were \$1,918,000 and business was conducted in small quarters in Norwich.

Through sound financial administration, plus the many advantages of Christmas Club, the progressive management of this company has made an outstanding record. As of December, 1948, the company's

total assets exceeded \$20,000,000, and to keep pace physically with this rapid financial progress, the bank has taken over the adjoining building and opened branches in five neighboring communities.

Men of financial ability are quick to see the possibilities of growth which Christmas Club brings to banks everywhere. Christmas Club is a training school through which more than ten million Americans are learning to save regularly. It is also a creator of new business for banks.

When Christmas Club members come to your bank fifty times a year to make their deposits, they give you fifty opportunities to acquaint them with the many other financial services you offer—Banks that have Christmas Club are Banks that grow.

Christmas Club

a corporation • FOUNDED BY HERBERT F. RAWL

341 MADISON AVENUE, NEW YORK 17, N. Y.

BUILDS SAVINGS • BUILDS CHARACTER • BUILDS BUSINESS FOR BANKS

(CONTINUED FROM PAGE 103)

The letter was printed and mailed. Mr. Stebbins says he didn't expect much from it—but he reckoned without his stockholders. They liked the idea, and a number of them, including several from out of town, told him so.

Bank Displays Feature Local Industries

The BOATMEN'S NATIONAL BANK of St. Louis has been using the eight display windows in its remodeled building to feature the city's major industries.

First to be thus honored was the fur trade, without which, as the display pointed out, "St. Louis might not have existed at all." The central location and navigable waterways of the old town made it not only a fur center but a supply base for the traders, explorers, and travelers to the West. All westbound traffic had to pass through St. Louis and at one time it controlled 80 percent of the fur business.

Much of the material in the BOATMEN'S display was obtained from the files of the bank, which was founded in 1847 when fur men were a large proportion of its customers. One window showed a price list—mink pelts at 40 cents a skin. Others displayed relics of the early days, lent by the Missouri Historical Society, and a scale model of a keel boat, the type of craft that floated skins downstream to St. Louis.

New Ad Technique

CALIFORNIA BANK of Los Angeles recently used a new display advertising technique—overprinting a short message on the financial page of a newspaper.

Across the top half of the page carrying stock quotations appeared, in light blue ink, the words "California Bank, Los Angeles . . . an Industrial Business-Minded Bank." Through the color the black type of the market tables was legible.

The ad was published by the Hollywood *Citizen-News*.

News About Banks

A drive-in facility is a feature of the new quarters opened this winter by the MOUNTAIN STATES BANK of Denver.

The IRVING SAVINGS BANK of New York City recently displayed a collection of original letters of all Presidents of the United States.

The BOWERY SAVINGS BANK of New York is now using one-minute television commercials to dramatize savings stories.



One of the fur trade displays in a window of the Boatmen's National Bank of St. Louis



YOUR BANK IS NOT COMPLETE WITHOUT AN

AMERICAN ELECTRIC MODEL 400 CHECK CANCELING PERFORATOR

The finest portable Desk-Electric perforator manufactured. More for your money than ever before . . . but still at the same price.



NEW STYLING . . . Slanting approach to feed-opening permits canceling checks faster. Mechanism totally enclosed.

NEW POWER . . . Engineering improvements provide better parts, greater capacity, longer wear, quieter operation.

NEW APPEARANCE . . . Smooth Gray Attractive Hammerloid finish is durable, easy to keep clean.

*Auxiliary Manual Tripping Button
Furnished at No Extra Charge*

SALES AND SERVICE IN ALL PRINCIPAL CITIES

---THE AMERICAN PERFORATOR COMPANY---

ESTABLISHED 1910

625 W. JACKSON BLVD., CHICAGO 6, ILL.

Please send further details on your New Electric Model 400

Firm

Individual Title

City State

ORIGINATORS OF PORTABLE ELECTRIC PERFORATORS

Farm Real Estate Manual

(CONTINUED FROM PAGE 54)

for five, 10, or 20 years, depending on the term of the loan. If the bank service proves satisfactory to the borrower, the farm mortgage will be only the first in a series of credit transactions for production, conservation, or personal installment credit.

"For this reason, the bank should have adequate trained personnel available to successfully service the farm mortgage loan. Servicing doesn't mean making collections or checking the farm to see whether the values in back of the loan have shrunk. Servicing really means maintaining helpful and friendly contact with the farmer."

Bankers Contributing to Manual

This manual represents the composite thinking of those who have contributed to its preparation. Members of the Agricultural Commission who were active in its framing include:

Charles T. O'Neill, vice-president and trust officer, National Bank and Trust Company, Charlottesville, Virginia, Commission chairman; Paul M. Jones, cashier, Old Phoenix National Bank, Medina, Ohio; George H. Stebbins, president, Simsbury Bank and Trust Company, Simsbury, Connecticut; Jesse W. Tapp, vice-president, Bank of America, San Francisco; J. B. Crosby, president, First-Citizens Bank

and Trust Company, Greencastle, Indiana.

Representatives of the Country Bank Operations Commission helping to produce the manual were: Richard W. Trefz, president, Beatrice State Bank, Beatrice, Nebraska, Commission chairman; Giles H. Miller, Jr., president, Culpeper National Bank, Culpeper, Virginia; Theodore Reininga, president and trust officer, Peoples National Bank and Trust Co., Washington, Indiana; and Will A. Lane, president, Security Savings Bank, Marshalltown, Iowa.

Other bankers assisting in this work were Murray G. Via, vice-president in charge of the farm credit and service department, First National Exchange Bank, Roanoke, Virginia; Nicholas A. Jamba, vice-president and manager, agricultural department, The National Bank and Trust Company, Norwich, New York; E. F. Lanham, vice-president, Temple National Bank, Temple, Texas; Darryl R. Francis, agricultural economist, Federal Reserve Bank, St. Louis; and Franklin L. Parsons, agricultural economist, Federal Reserve Bank, Minneapolis.

One copy of the *Farm Real Estate Financing* manual will be mailed to each A.B.A. member and additional copies are available at a nominal charge.

Is the Owner's Equity Protected?



The mortgagee's interest may not be affected but, in these days of rising construction costs, amounts of insurance should be checked, and increased, if necessary, to cover today's values and the owner's equity in a property.

It's good business to call these facts to the attention of the property owners you serve - now!

THE PHOENIX INSURANCE COMPANY

Hartford 15, Conn.

The Connecticut Fire Ins. Co.
Hartford, 15, Conn.

Atlantic Fire Insurance Company
Raleigh, North Carolina

Great Eastern Fire Insurance Co.
White Plains, N. Y.

Reliance Insurance Company of Canada
Montreal 1, Canada

Equitable Fire & Marine Ins. Co.
Providence 3, R. I.

The Central States Fire Ins. Co.
Wichita 2, Kansas

Minneapolis F. & M. Ins. Co.
Minneapolis 2, Minn.

"How does soil conservation work? Shucks, you just find some dirt you like and deposit it in a Federal land bank until you want to use it, that's all."

Dedicated to Friendliness and Service

The
WALDORF-ASTORIA
Park Avenue • 49th to 50th • New York



To solve a problem
identical to yours
THESE BANKS

DID THIS!

MICHIGAN

National Bank of Detroit — 33 offices
Industrial National Bank, Detroit — 12 offices
Commonwealth Bank, Detroit — 22 offices
Detroit Bank, Detroit — 31 offices
First National Bank, Mt. Clemens
Genesee County Savings Bank, Flint
Citizens Commercial & Savings Bank, Flint
Community National Bank, Pontiac
Security National Bank, Battle Creek
First National Bank, Monroe
Michigan National Bank, Saginaw
National Bank of Jackson, Jackson
Grosse Pointe Bank, Grosse Pointe
Peoples State Bank, Holland
American State Bank, Lansing

National City Bank of Cleveland, Ohio
Cleveland Trust Co., Cleveland, Ohio
Firestone Bank, Akron, Ohio
Second Federal Savings & Loan Assn.,
Cleveland, Ohio
Marine Midland Trust Co., Cortland,
N. Y.
Endicott Trust Co., Endicott, N. Y.
County Trust Co., Yonkers, N. Y.
Lincoln National Bank, Newark, N. J.
Coahoma County Bank & Trust Co.,
Clarksdale, Miss.
First National Bank of South Carolina,
Columbia, S. C.
The Tennessee Valley Bank, Knoxville,
Tenn.
American National Bank, Beaumont,
Texas
First National Bank of Galveston, Gal-
veston, Texas
American Exchange Bank, Madison,
Wis.
McLachlen Banking Corp., Washing-
ton, D. C.
Trust Company of Georgia, Atlanta,
Ga.
Broward National Bank of Fort Lau-
derdale, Fla.
First National Bank, Orlando, Fla.
Florida National Bank & Trust Co.,
Miami, Fla.
State National Bank, Texarkana,
Arkansas
Hartford Connecticut Trust Co., Hart-
ford, Conn.
Stamford Trust Co., Stamford, Conn.
Equitable Trust Co., Wilmington, Del.
Farmers Bank of the State of Delaware,
Dover, Delaware
First National Bank, San Rafael, Calif.
Union Bank & Trust Co., Los Angeles,
Calif.
Guaranty Bank & Trust Co., Lafayette,
La.
Security National Bank, Alexandria,
La.
First National Bank, Malden, Mass.
Malden Trust Co., Malden, Mass.
Peoples State Bank, Indianapolis, Ind.
Mercantile National Bank, Ham-
mond, Indiana
First National Bank, Albuquerque,
N. M.
Bishop National Bank of Hawaii, Hon-
olulu, Hawaii

*Complete List of Banks
Furnished on Request*



After exhaustive tests proved conclusively that the sale of postage stamps is a logical, goodwill bank service, the recent action of all major Detroit banks in adopting Schermack Profit-Type, Serve-Self Postage stations to supply their patrons with postage stamps, naturally, has awakened intense interest among bank executives throughout the country.

To date, OVER TWO HUNDRED BANKS in 21 states and Hawaii, have purchased and installed these goodwill machines for the convenience of their patrons.

WITHOUT EXCEPTION, every bank that has exposed a Schermack Postage Station to their customers FOR THIRTY DAYS has retained the installation as a PERMANENT FEATURE of their bank service. Because of this amazing record we invite you to accept this. . . .

*30-Day
Free Demonstration
Offer*

FOR A 30-DAY FREE TRIAL, without any obligation whatsoever on your part to buy, we will ship to you f.o.b. Detroit, a Schermack Standard Bank 2-Unit Postage Station, complete as pictured at left with plastic "POSTAGE" sign and bronze colored metal pedestal. If 30 days after you have placed the machine in operation on your banking floor, the popularity and profits of the service have not convinced you of its permanent worth, you may return the equipment, retaining all profits accumulated during the trial. In your letter accepting this FREE DEMONSTRATION OFFER, please state your agreement to pay return shipping charges on equipment, if not retained.

Installation as pictured . . . consisting of one machine selling four 1c stamps for a nickel and one selling three 3c stamps for a dime; pedestal and "Postage" sign . . . is priced complete, \$150.00, f.o.b. Detroit.

Terms—2% discount if paid within 10 days after end of 30 day trial period

EVERY MACHINE GUARANTEED FOR 10 YEARS against defective materials or workmanship

SCHERMACK PRODUCTS CORP.

1166 W. BALTIMORE AVENUE

DETROIT 2, MICHIGAN

Bank Building Case History

(CONTINUED FROM PAGE 56)

business volume had not increased. The arched ceiling of the old banking room made privacy almost impossible, since a quiet conversation at one point could be clearly heard at almost any other. The lighting was poor and, along with the high, marble counterscreen, gave the bank a cold and gloomy appearance. It was obvious, also, that areas of wasted space could be utilized only through a carefully worked out job of redesigning and modernization.

Several other banks were visited, for whatever ideas they might offer, and a local architect was consulted. His plans enabled the bank to obtain additional space and other advantages of modernization at a minimum cost, according to officers of the bank, who were determined from the start to complete the job at the least possible expense.

Plans provided for the elimination of existing tellers' cages, but retention of the old marble counters up to the deal plate level. Space for an additional window was obtained by eliminating a partition. Use of the old counters, topped with a new, low glass counterscreen, provided an economy while still achieving a more open and brighter appearance. Bronze grilles and entrance doors were used.

The new ceiling, lowered and surfaced with soundproofing blocks, permitted the introduction of channeled fluorescent lights and ceiling spots focused on the individual tellers' spaces. That one improvement alone—the new ceiling with its effect on both sound and sight—has tremendously increased both the efficiency of employees and the impression

of customers that they are doing business in a modern, cheerful, pleasing atmosphere.

The existing marble check desk was replaced by a larger one of walnut, economically built by a local cabinet maker. The large, single-pane glass windows in the front of the bank were replaced by mullioned windows, and the two front offices were panelled with walnut veneer. Wallboard, with its natural gray finish waxed and polished, was used as a wainscoting to cover the plaster of the lower walls, while the upper walls were decorated in light blue-green.

Maximum Use Made of Space

Officials of the bank feel that everything possible has now been done with available space, except the installation of a new heating system, with air conditioning, which is planned for the near future. Further requirements for space will have to be satisfied by use of rooms on the second floor, which are now rented as offices.

The cost estimates on this modernization job were prohibitive when first submitted by general contractors. The bank's directors, however, brought the figures down to a reasonable level by letting the contracts separately for the various types of work and by using local workmen except for bronze work, marble finishing and soundproofing.

While in a small community such as Northport no great influx of new business can be expected from modernization, the First National's customers have been enthusiastic about the improvements. Most appreciative of the better lighting, increased working space and other innovations, however, are the employees, who find their busiest days much less trying under their new working conditions.

The American Bank Credit Plan is

A Bank-Dealer Automobile Finance Plan providing all the features and advantages of the plans of national sales finance companies.

Banks can acquire a steady volume of this desirable business from and through their local dealers by using the American Bank Credit Plan.

Successful operation by many Banks has proven the value of this unique Bank-Dealer Plan.

For full information write to

American Bank Credit Plan

Sponsored by

American Installment Credit Corporation

103 Park Avenue, New York 17, New York



The Challenge Is Here . . .

"Such headlines as 'Buyers Market at Hand,' 'The Challenge is Here,' 'Competition Reasserts Itself,' 'The Showdown in the Era of Distribution' are confirmed in many fields by much more extensive and aggressive distribution and merchandising activity.

This is of paramount interest to Detroit, the great majority of whose products are distributed in every state in the nation and in more than one hundred countries throughout the world.

Banking Service Aids Profitable Distribution . . .

"Leading banks such as this play an important part in profitable distribution and there can be no doubt that banking services are more vital than ever at practically every step of modern trade and commerce.

"Through our correspondent banks we provide such highly specialized services in every recognized trading center of the United States and of the world.

"In every case our correspondents have able, alert management, thoroughly informed and appreciative of the interdependence of banking and commerce. They have, of course, the required resources, facilities, experience, and contacts.

its importance—since, we again emphasize, commerce and trade, at almost every stage, call for services which only a bank such as National Bank of Detroit can provide.

Banking, Commerce, Distribution . . .

"If a distribution map of the state, the country, or the world, based on consumer purchasing power, were superimposed on a map spotting National Bank of Detroit's correspondent banks, one would cover the other, point by point.

Proved Advantages . . .

"The advantage to our customers whose distribution goes beyond Detroit, or who purchase goods and materials outside Detroit, is that our correspondent bankers will meet every banking requirement in their trading area, and that is a very definite advantage.

"Those who have used this type of banking service realize

Our Out-Of-Town Division . . .

"Our Out-Of-Town Division is fully equipped in facilities, resources, experience, and connections to help you.

"John N. McLucas, vice president in charge of the division, has spent his entire business career in banking, covering seventeen years. Associated with him are vice presidents Edward Adams, Jr., Harold B. Asplin, Eugene T. Garner, William H. Hoey, and John S. Wells, and assistant cashiers Norman L. Bird, Keith B. Hackett, and Gordon W. Willis, all of whom have devoted many, many years to this specialized correspondent service.

"These services are always available to you and you are most sincerely invited to use them."

CHARLES T. FISHER, JR.,
President

(This advertisement was published in our weekly column which appears in a wide list of daily and weekly publications throughout the greater Detroit area)

NATIONAL BANK OF DETROIT

DETROIT, MICHIGAN

Complete Banking and Trust Service

Member Federal Deposit Insurance Corporation

Government Bonds

(CONTINUED FROM PAGE 58)

largest holders are shown in the following table. Savings bank and insurance company holdings are inconsequential.

(000,000 omitted) Ownership as of October 31, 1948						
	Total Outstanding Banks	Commercial Agencies	All & Fed. Res.	Other	Gov't.	7,281
Treasury 2% Bonds June 49/51....	\$1,014	\$ 600	\$102	\$ 207		
Treasury 2% Bonds Sept. 49/51....	1,292	734	247	204		
Treasury 2% Bonds Dec. 49/51....	2,098	1,314	170	431		
Treasury 3 1/4% Bonds Dec. 49/52....	491	362	36	65		
Treasury 2 1/2% Bonds Dec. 49/53....	1,786	1,368	168	200		
	\$6,681	\$4,378	\$723	\$1,107		

Of the total outstanding, 65½ percent are owned by commercial banks. Quite probably, the yield to owning banks is for the most part well above the present rate of 1¼ percent for 1-year certificates. If Treasury refunding continues to substitute 1-year certificates for all maturities, banks owning the issues paid off will suffer a loss of income. Moreover, it is worth noting that even if sales of the callable issues should be made, there are in the market only eight issues which could be purchased by commercial banks from which an "after tax" return of 1 percent or more can be obtained. Because of this, there seems to be a possibility that the Treasury Department may offer to owners of the respective maturities new issues having longer maturities than one year. Furthermore, continuance of steadily increasing the outstanding amount of floating debt is open to criticism.

Without attempting in any way to outguess future decisions of the Treasury Department, several points may safely be made.

First, a coupon rate of under 2 percent would be necessary to provide some interest saving.

Second, this precludes the possibility of issues having a callable date of more than about five and one-half years. For example, a 1¾ percent bond due December 15, 1954, would give an after tax yield of about 1.085 percent, as compared with the after tax yield, now available from the 2½ percent bonds callable on June 15, 1954, of 1.01 percent.

Third, whatever is done, it is a practical certainty that what is offered will be keyed very closely to the market pattern at the time of the offering so that worth-while premiums are not at all likely for such new issues.

Fourth, current prices for the callable issues seem fully—perhaps more than fully—to appraise any "rights" values.

Fifth, it really looks as if holders of the callable issues who wish even to maintain their current interest return should probably do their own refunding in the present market.

Other Securities

(CONTINUED FROM PAGE 58)

More sizable debt financing is sought by the utilities which are struggling to build up their maximum generating capacity to safe peak loads, and to conform with new peacetime demands and possible wartime emergencies. Areas which benefited by the largest population gains during the war are particularly needy of financing in this field.

Also reflected in the investment markets is the desperate search for more revenue by municipalities and states. While more and more local taxes make their appearance in all parts

of the country, debt financing by such local governments continues high, too.

In case the necessity for social welfare expenditures on the city and state level should rise this year, still more financing would be required and the pressure for work-creating improvement expenditures will naturally be enhanced. The outlook for activity in this field, therefore, continues good, though the over-all implications may not be altogether reassuring.

At any rate, while the new high of \$2,983,427,653 for 1948 municipal financing may not be duplicated, 1949 promises to be a fertile year as well. This figure, incidentally, compares with \$2,353,771,562 in 1947, \$1,203,557,909 in 1946 and \$507,566,466 in 1943.

Perhaps one of the greatest shocks to the investment markets was the break in commodity prices following a period of slow declines which had gone relatively unnoticed because of preceding bumper crops and a general drop of meat prices. The recession in meat, totaling about 20 percent since last December, was also, in part, the result of excellent harvests, but in addition was due to panicky selling of cattle and hogs by farmers who feared they had entered a long-term curve of declining prices.

Nearly everyone in financial quarters seems agreed that, while demand is catching up with supplies in many lines, and therefore the necessity for the previous unusually high activity is gradually disappearing in favor of more normal conditions, there is real danger that a recession or depression "psychosis" may set in and grow. Statistically, there is not much basis for wholesale gloom and dire predictions, although some lines are experiencing a slump. High spending will continue by industry and government, domestically and internationally; rearmament is an accepted philosophy and the danger of war has by no means disappeared.

The Return of Competition

(CONTINUED FROM PAGE 35)

Yes, failures are increasing, but what of that? Here is the record number of commercial and industrial business failures for each of the last four years: 1945, 810; 1946, 1,130; 1947, 3,476, and 1948, 5,252. That's over a six-fold increase within a brief space of four years. Too true, but the 810 failures which occurred in 1945 constituted an all-time record low. Seventy years earlier, in 1875, when there were only 642,000 active commercial and industrial enterprises in the United States, we had 7,740 failures. To make the comparison a little more accurate, in 1875 we had 120 failures per 10,000 active commercial and industrial concerns; in 1945 we had only four failures per 10,000, and, to bring this story up to date, in 1948, 20 failures per 10,000 active businesses. In 1948 we had one-sixth as many failures per 10,000 active commercial and industrial concerns as in 1875!

It is obvious that, although failures have increased over six-fold between 1945 and 1948, they are still low. We must go back to 1881 to find a year in which we had less than 5,000 failures, prior to the World War II period. In 1943, the tremendous expenditures of the Government for war purposes brought about profitable operations in all lines of endeavor. In that year failures dropped to 3,221. In the preceding year, 1942, there had been 9,405 failures.

One little recognized but very important factor will help the established but unprofitable business in 1949. That fac-

tor, strange as it would seem to Benjamin Franklin, is our Federal income tax law. The Revenue Act of 1942 included what has become known as the carryback provision. Under the existing carryback provision, if a loss is taken during a taxable year by an established business corporation, that loss is applied against the taxable profits of the preceding two years so that the refunds or credits are then obtained from the Federal Government. In other words, by applying current losses against earlier profits, profits of immediately preceding years are reduced, and part of the tax which had been paid on the earlier reported profits of immediately preceding years is returned.

The yearly closing of books, when funds are often expended in one accounting period to bring a return in the following period or periods, and when great varieties of assets in many different locations are depreciated at varying rates, are some of the reasons why accounting profits are relative and not absolute.

Only over a period of years do net profits tend to be economically accurate.

Importance of Carryback Provisions

The carryback provision of our Federal income tax laws had little effect in 1944, 1945, or 1946, because losses were few and far between in those years. Many corporations which operated unprofitably in 1947, however, used this provision and obtained substantial rebates. One well known corporation, for example, which operated primarily in the mechanical instrument writing field, opened its 1947 fiscal year with a tangible net worth of \$9,050,000. Operations for 1947 were conducted at an aggregate loss of no less than \$7,500,000, or 83 percent of the opening tangible net worth. Due to the receipt of "refundable Federal taxes on income of prior years arising from the carryback of operating loss" the final net loss charged to surplus was reduced to \$3,409,000. A representative manufacturer of internal combustion gasoline engines operated at a loss of \$10,160,000 in 1947. Carryback provisions of the Federal tax law allowed a credit of \$7,700,000, so that the final loss after credits was reduced to \$2,460,000.

Here is an element of stability which has been missing during other periods of real competition. Under our old tax laws, both of the concerns mentioned in the preceding paragraph could have become bankrupt by two successive years of such unprofitable operations. With the carryback provision in effect, substantial operating losses were reduced by credits against taxes paid on prior years' profits, and that very fact gave the managements of both corporations time to adjust their operations, clean house, and get back on a sound basis of operation.

Failures so far in 1949 have naturally increased over the corresponding period of 1948. Increased competition, falling prices in many products, raw materials and finished goods, inexperience and unskilled managements, poor judgment, lack of sufficient capital to start new enterprises soundly—all of these factors are taking their normal and natural toll, which is evident in the expanding number of failures. There is considerable question, however, as to what is meant by the many forecasts of "heavy" failures for 1949. In the first five weeks of 1949 there occurred 678 business embarrassments, compared with 445 for the corresponding period of 1948, and 235 for 1947. That's a modest upward trend—but at a rate of yearly failures which is well below the average of 74 yearly failures per 10,000 of active commercial and industrial business concerns—since 1900.

Midwinter Trust Program

(CONTINUED FROM PAGE 86)

free enterprise system is on trial. On trial for what? Has any other system accomplished so much or provided such standards of living? It is socialism that is on trial as in England, and communism that is on trial as in Russia. It is individual enterprise that is being asked now to provide the food, the money, and the tools to rebuild Europe. Americans should be on guard against the insidious efforts constantly made to discredit a system that has not only been responsible for the nation's growth and progress, but is so strong and virile that it is at this very time underwriting and sustaining the shattered economies of Europe.

Under government limited in its powers, the American people attained the highest known degree of well-being in the whole history of the world. New York City has more telephones than all of Russia.

Prevent Standardization by Cooperating with Bar

MAYO A. SHATTUCK, partner, Haussermann, Davison and Shattuck, Boston

If the trust business is to expand the effectiveness of its contribution to the nation, it must prevent standardization of procedure and "team up" with the bar.

One of the serious problems of the profession is how to make a steady and reasonable profit and yet prevent standardization of thought and of procedures from causing an undue warping of the intensely imaginative and highly personal service which trust men are bound to render.

Standardization is a particularly surreptitious and seductive sort of vice. It comes about largely because of two factors: (1) The economics of the situation usually drive all forms of American energy into what is currently supposed to be precise and efficient methods, and (2) we often do best those things with which we have become most familiar, and we tend to become confident in the efficacy of our techniques.

Keys to Effective Advertising

JOHN B. MACK, Jr., deputy manager in charge of Advertising Department, American Bankers Association, New York

There is considerable difference of opinion among trust institutions as to what advertising can do for them. Many use institutional ads that call attention to their own virtues. Some do an educational job on corporate trust service. Some use strong selling appeals. Far too many ads have no apparent mission in life. This aimlessness doesn't mesh at all with the simple fact that the basic function of trust advertising is to establish contacts and lead up to personal interviews.

The three keys to effective trust advertising are: (1) Reach the people you want to serve; (2) use appeals that ring the bell from the prospect's point of view; and (3) repeat and repeat and repeat.

It's not enough to do one of these things. The only winning combination is to reach the right people with the right appeal over and over again.

These and other trust conference speeches will be printed in full in future issues of the *Trust Bulletin*.

Wenzlick on Real Estate Outlook

SCUDDER STEVENS & CLARK FUND, Inc.

*The price
is the net
asset value
only.*

Prospectus on Request

10 POST OFFICE SQUARE
BOSTON 9, MASSACHUSETTS

**Give up NICOTINE
NOT TOBACCO!**

**Smoke
VENICTOS CIGARS
LESS THAN 1% NICOTINE**

Super-mild VENICTOS Cigars give you all the full-bodied flavor, all the fragrant aroma of choice Havana tobaccos — everything you want in a smoke! And they eliminate what you don't want—the bulk of the harmful nicotine.

Join the thousands of doctors, business executives and professional men who smoke our de-nicotined cigars. Before the "Stop Smoking" order comes, switch to VENICTOS and enjoy safer smoking—with all the pleasure!

SPECIAL TRIAL OFFER

Send \$12.00 for box of 50 VENICTOS Perfecto-size cigars. Smoke as many as you like for a real trial. If not delighted, return the balance for refund in full.

Don't Risk Your Health—ACT NOW!

GUARDIAN TOBACCO CO., Inc.
1170 Broadway, Dept. 6, New York 1, N. Y.
O.K., I accept your offer! Send me a box of 50 VENICTOS Perfectos, for which I enclose \$12.00. If I am not completely satisfied, you will refund my remittance in full.

Name.....

Address.....

City..... State.....

Also—VENICTOS Cigarettes, \$2.90 carton of 200; Pipe Tobacco, \$2.00 $\frac{1}{2}$ pound. Less than 1% nicotine; same money-back guarantee.

THE Society for Savings, Cleveland, entertained 1,500 real estate salesmen, brokers, and builders at the fourth annual "Wenzlick Meeting" late in January at which Roy Wenzlick, widely known real estate analyst, makes his annual predictions for real estate.

Mr. Wenzlick foresees:

(1) A real estate depression, to hit bottom around the middle 1950s;

(2) A drop of about 30 percent in building costs at that time (which would still leave building costs about 75 percent higher than in 1939);

(3) Very little change in construction costs in early 1949, with a drop later in the year and extending through next year, followed by a short stabilization of costs for a year or so, with major difficulties developing in the middle 1950s when costs should again start downward;

(4) In another year to a year and a half, Mr. Wenzlick says, "I think the acute housing shortage will be entirely over";

(5) This is a time to sell real estate rather than to buy it;

(6) The mortgage lender should get a higher interest rate as protection against the risk that in the middle 1950s his losses on mortgages might far exceed the interest collected.

Quotes from Annual Reports

"Well over 10 million people now make California their home. More than three million are comparatively recent arrivals for whom it has been necessary to provide homes, schools, churches, utilities and all manner of private facilities and public works—a job of challenging proportions for banks and every other agency of our economy."—L. M. GIANNINI, president, Bank of America, San Francisco. (In annual report to shareholders.)

*

"The Federal Deposit Insurance Corp. now has a reserve fund of more than \$1-billion. In view of this very large reserve fund, it seems clear that the existing laws establishing the basis for assessments should be modified and the rate of assessment should be reduced."—WINTHROP W. ALDRICH, chairman, Chase National Bank, New York. (In annual report.)

AT THE FLICK OF A SWITCH

Modern convenience includes certainty of action in response to the right stimulus. You flick the switch—and the light goes on.

Our many correspondent banks look upon Central-Penn as the light . . . in this instance. They expect and get action when they call for it.

Your own business can be expedited as successfully.

CENTRAL-PENN NATIONAL BANK OF PHILADELPHIA

Seventh and Chestnut Streets

Member Federal Deposit Insurance Corporation

Safeguard Checkwriters

**AND CHECK
SAFETY ARE
SYNONYMOUS**



**USE THE
SAFEGUARD
SYSTEM OF
CHECK PROTECTION**

TO GUARD AGAINST
FINANCIAL LOSS

WRITE FOR INFORMATION

Safeguard International, 2312 Lancaster Ave., Philadelphia 4, Pa.

Safeguard Corp.
LAUREL, PENNSYLVANIA

**FREE Catalog
BRONZE TABLETS**

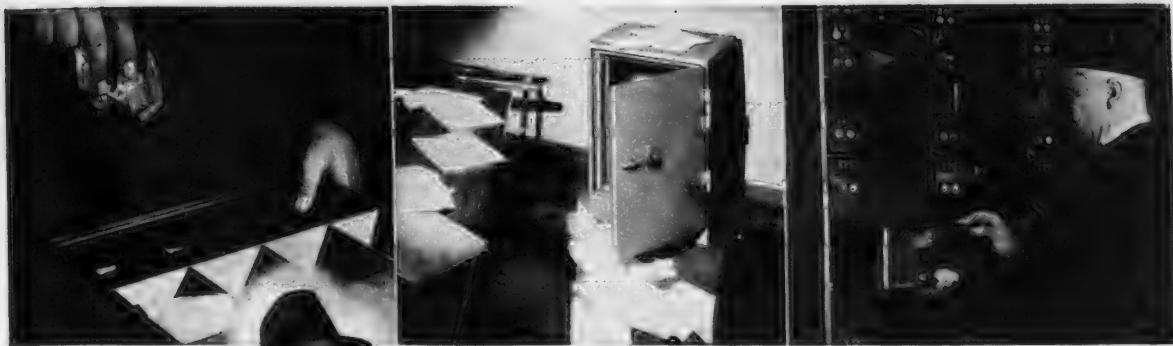
**DESIGNS FOR
EVERY NEED**

Write today for free
48-page catalog, il-
lustrating 150 sug-
gestions for solid
bronze tablets—me-
moria, honor rolls,
testimonials, awards,
etc. Ask for catalog B.

INTERNATIONAL
BRONZE TABLET CO., INC.

150 WEST 22nd ST
NEW YORK 11, N.Y.

BANKING



THIS MAN

*stands between your business
and loss from*

- **DISHONESTY**
- **DISAPPEARANCE**
- **DESTRUCTION**

With just one policy!

WHY? Because he knows how to give your business protection against loss from commonly-occurring employe dishonesty, the disappearance or destruction of money and securities . . . with the Comprehensive Dishonesty, Disappearance and Destruction Policy.

The "Three D" policy does away with several policies and bonds . . . some perhaps overlapping . . . others so widely separated as to leave dangerous loopholes.

ASK THIS MAN . . . Your local U.S.F. & G. Agent . . . about this convenient package of insurance protection. He knows what your in-

surance problems are. He is trained to recommend the coverage that meets them. Why not consult him today? There is no obligation.

U. S. F. & G.

United States Fidelity & Guaranty Co., Baltimore 3, Md.
Fidelity & Guaranty Insurance Corp., Baltimore 3, Md.
Fidelity Insurance Co. of Canada, Toronto

"Consult your Insurance Agent or Broker"  as you would your Doctor or Lawyer."

From Cow Towns



to the Canyons of Commerce



This Number means business

It's the telephone address of
The Philadelphia National Bank—
and a much-used tool
of business and banking.

You'd be surprised at the number of times we unblocked a commercial banking barrier in the course of a three minute 'phone call.

Our correspondents in all parts of the country know that when they need action, usual or not-so-usual, a call to this number starts things happening—*fast*.

How about your bank—won't it benefit by cooperation both experienced and dependable?



For 146 Years - Banking for Business

THE PHILADELPHIA NATIONAL BANK

Organized 1803 PHILADELPHIA 1. PA.

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

The Unit System

(CONTINUED FROM PAGE 38)

Crediting interest by machines accomplishes two things:
(1) The complete interest listing is simultaneously prepared on the journal tape within the machine.

(2) A trial balance is effected, since the old balances accumulate and can be proved to the control figure.

Now that the operations of the unit system have been briefly described, we may relate to them the three basic objectives of any system for handling depositors. These, in my opinion, are:

(1) *Speedy service to depositors, with FAVORABLE depositor reaction.*

(2) *Economy and efficiency for the bank with FAVORABLE employee reaction.*

(3) *Reducing, as far as possible, the opportunity for defalcation.*

It is my opinion that the unit system has developed favorable depositor reaction and that this reaction is constant, whether the depositor is making a deposit, withdrawal, having interest credited, or cashing a check; and that, by being constant, the favorable depositor reaction accumulates.

One of the main reasons for this is the fact that a depositor can get everything he wants at the one window, including interest credited to his passbook.

The problem of building up favorable depositor reaction is certainly magnified when depositors are required to go to more than one window in order to have all entries made on their passbooks, as is often the case under the dual system.

Faster Depositor Service

The unit system achieves speedier depositor service than the dual system in any transaction where there is also interest to be credited, and in straight withdrawals even though there is no interest to be credited, unless shortcuts are made, such as dispensing with signature comparisons and balance verifications on withdrawals up to a limited amount, as is often done under the dual system. In a transaction involving just a deposit, the unit system requires slightly longer than a system which does not involve obtaining the ledger card.

As far as *economy* of operations is concerned, it has been my experience that slightly less than $\frac{1}{2}$ man-hour per year per account is required under the unit system to do all the work on these accounts, where activity, including checks cashed and issued, averages $7\frac{1}{2}$ transactions per year per account. This includes all service to depositors such as deposits, withdrawals, issuing and cashing checks, crediting dividends to passbooks, as well as all work which might be called "back office work," such as proving the day's work, running the old balance-new balance proofs, running trial balances of ledgers, computing and crediting dividends to accounts, making out new passbooks, new ledger cards and keeping indexes up-to-date, filing and everything else connected with a savings department, but not including supervision or new accounts.

I have deliberately refrained from expressing this in terms of dollar costs because salary scales vary. However, machine costs do not vary and I have found the cost of machines to be $6\frac{1}{2}$ cents per account per year under the activity conditions just mentioned, allowing for a useful life of eight years per machine. The *efficiency* of the unit system is well proved,

I believe, by the few errors that occur on depositors' passbooks, the ease with which ledgers are kept in balance, and the lack of internal confusion, resulting in economy in supervision.

The *greatest economy* of the unit system is in being able to utilize the time of the tellers during slack periods of the day for computing interest, running daily proofs and periodic trial balances, as well as many other detail jobs connected with the savings department.

It is my understanding that most banks have peak periods of activity during the day, often at the noon hour, and it stands to reason that a bank will wish to staff itself with tellers to meet these peaks. In many banks, these peaks are not just mild fluctuations from the activity load of other periods of the day, but rather are times when activity might be many times as great as during the balance of the day.

Use of Tellers in Slack Periods

It is often argued by advocates of the dual system that tellers can still be utilized during the slack periods, the same as under the unit system, and that speedier service can be given during the peak periods. However, it seems to me that if tellers are used for computing interest, during slack periods, one of the advantages of the dual system is lost, namely, the complete segregation of ledger cards from the reach or scrutiny of the tellers.

If your bank has heavy periods and is staffed to meet them, then, in my mind, there are economies in the unit system through utilizing the time of tellers during slack periods that cannot be achieved under a true dual system. However, if your activity is fairly well spread throughout the day, the arguments for a dual system seem to me to have much more weight than is the case when heavy peaks are experienced.

There is *positive employee reaction* under the unit system, because the employees find their work interesting, varied,



well balanced, and easy to keep in proof and in good order.

The morale of the tellers and clerks is kept high because they get a feeling of accomplishment and satisfaction out of a full job, well done.

Any worker who can see his product through from beginning to end always gets a certain measure of satisfaction out of viewing the results of his handiwork. Much of this feeling of satisfaction usually is sacrificed under a system of mass production.

I feel that the unit system is unique in being, on the one hand, a mass production system, and, on the other, a system where the craftsmen can see and appreciate their handiwork from beginning to end.

As far as defalcations are concerned, the argument is often advanced that exposure is greater when the tellers have the ledger cards under their control. Fundamentally, I believe this is true, and, therefore, am convinced that the many protective features which have been developed for use in the unit system should be employed and strictly adhered

to by any bank using the system. A system of internal check and control has been developed and expanded over the years and every bank using the unit system should consider the internal control procedures as an extremely vital part of this system. Not to do so, is, in my opinion, like driving an automobile at high speed with faulty brakes.

Many of the internal checks are developed as by-products of the teller's work. However, I am willing to concede that auditing costs are slightly higher in achieving the same protection under the unit system as under a true dual system, where tellers in *no way* have access to the information contained on the ledger cards. If they have access to this information in any way, I believe auditing costs to achieve comparable protection are the same under both systems.

Any banker connected with the operation of a savings department should keep an open mind on the subject of the unit vs dual system, and study any other developments, which, by the way, I think we will see in the reasonably near future.

The Dual System

(CONTINUED FROM PAGE 39)

lowing manner. The teller places the account number on the keyboard, inserts the passbook and ticket into their respective shutes, and closes the carriage. Then he picks up the old balance, visible on the passbook, and depresses the plus bar. To complete the transaction he enters the amount on the keyboard and depresses deposit bar for deposits or interest and withdrawal bar for withdrawals. The machine then automatically does the rest, that is, prints the amount of the transaction on the journal and on the passbook, prints the new balance on the passbook and on the ticket, and returns the carriage to starting position. All entries on the journal and passbook are original entries, except the validation amount on the ticket which is carbonized on the journal.

Crosschecks and Safeguards

The new balance figure validated on the ticket is used in the ledger posting operation the next day to prove each transaction. The amounts printed in the deposit or withdrawal columns are accumulated in a locked register in the machine, deposits as additions and withdrawals as subtractions. And, because we handle deposits and withdrawals at separate windows, the totals in the registers furnish total deposits or total withdrawals as the case may be. Our tellers prove their work on these totals without making any other listing of tickets unless a difference occurs. The item counter counts the number of transactions handled on the machine. After the day's work is completed, the chief clerk unlocks and clears the register on the journal sheet and notes the number of items accumulated on the item counter. Each machine also has its own separate "teller's key," which can be removed when the teller leaves his machine for lunch or relief periods. The machine cannot operate without this "teller's key."

Each window posting machine has its own distinctive identifying symbol, which is automatically imprinted to the right of the new balance as each transaction is entered in the passbook, and is also imprinted next to the new balance on the deposit or withdrawal ticket. The symbol identifies the machine and the

teller who handled the transaction. Each teller also imprints his "teller's stamp" on every ticket or record he handles.

Special symbols are also used to identify various types of transactions and are imprinted on the journal sheet and the passbook next to the transaction to be identified. Nine keys are available for symbols, but we only use five: "IN" for interest, "NB" for no book transactions, "10" for 10-day checks deposited, "30" for 30-day checks deposited, and "CB" for items charged back.

The ledger card posting is done the next day on three ledger posting machines, and, except for peak volume days, the work is usually completed by 2 or 2:30 in the afternoon. The machines used in this operation are similar to the window passbook machines, except that they have four registers instead of two, to furnish accumulated totals for old balances, deposits, withdrawals and new balances. These machines are programmed to fit the ledger card and also use a 13" journal, on which is recorded a carbon copy of the transaction entered on the ledger card. A feature of this operation is that after the machine fires the "new balance" on the ledger card as a subtotal, the operator picks up the passbook balance as shown on the deposit or withdrawal ticket, and clears out the machine to a double cipher proof or a difference which is usually the uncredited interest. All other differences are checked and errors corrected either on the ledger card or by writing to the depositor to bring in the passbook.

Eliminating Unit System Proof

One of the three ledger posting machines at each office is a 13-bank machine which is used to post the control ledger cards. The posting on the control cards furnishes proof of the day's work, since the registers on the machine furnish the totals for old balances, deposits, withdrawals and new balances. This operation eliminates the old balance-new balance proof required under the unit system. The proponents of the unit system usually gloss over this very necessary and time consuming operation when they say that with their system the work

is completed when the entry is simultaneously made on the passbook and on the ledger card at the window, and "no bookkeeping is necessary." In actual man-hours, the teller listings of transactions and old and new balance proofs under the unit system require almost as much time as it takes to do the bookkeeping work under the dual system.

Incidentally all the machines, window and ledger posting, have been programmed to post interest on the ledger cards at the end of each dividend period, if we want to use them for this purpose. It is also pertinent to state that it was not necessary for us to change passbooks or ledger cards, although we have printed new ones for new accounts, and are replacing the old ones as soon as they are filled. There are no numbered lines on the new passbooks and ledger cards, because it is not necessary to match up the two records or to select the line on which the entry must be made. Each transaction is checked and audited automatically as it is posted to the ledger card. In general the auditing procedures and functions under the dual system are about the same as under the unit system. In fact, under the dual system the auditing program is better because no rotation of tellers is necessary, and ledger cards are not available to tellers handling cash. The new system was installed at the Broadway Office on April 5 and at the 14th Street Office on October 2 of last year.

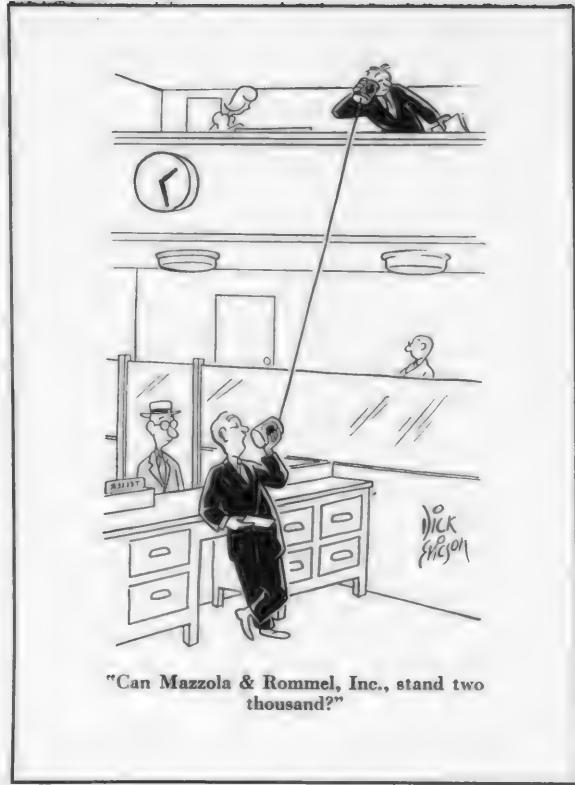
Depositor Reaction

How do the depositors like the new system is a question everyone asks. Naturally we have had a few depositor complaints. There would be some complaints no matter what the changes were; even if there had been no change at all. Complaints are part of the stock in trade in any business operation. A depositor may not like the idea of going to two windows for a deposit and for interest, but when it is explained to him that in the majority of cases the new system does save the depositor's time, he is satisfied. Depositors usually adjust themselves very quickly to any changes that are made. As to whether the employees like the change, the best answer is "why wouldn't they," when you often see the tellers walking out within 15 minutes after the bank closes, instead of almost an hour later.

Many months of careful planning preceded the actual installation of the system. Changes in procedures, rearrangement of floor lay-out, and the location of teller windows, ledger cards and signature cards required considerable study. Analysis of transactions to determine number of machines required for deposits, withdrawals, interest, and for ledger posting was necessary. Drafting and ordering new forms, preparation of check-list and timetable of things to be done before the delivery of machines; the selection and training of tellers and bookkeepers in the use of the new machines, and the assignment of new duties—all these things and more, too, furnish an indication of the magnitude of the job of changing over to the dual system.

We proceeded with the generally accepted rule in systems and procedures work that there is a natural resistance to any change, and that it would be necessary to obtain the full co-operation of the entire staff in order to achieve the best results. We began by drafting an outline of the proposed changes in procedure, and explained in clear understandable language not only what the new system would be, and how it would work, but also the background and reasons for making the changes, the advantages and the results we expected to achieve. We made clear at the outset that no reductions in personnel were contemplated or anticipated due to the change in system.

The outline of the new system was carefully reviewed and



"Can Mazzola & Rommel, Inc., stand two thousand?"

revised at a series of meetings with the departmental officers and supervisors. Then it was reviewed, explained, and revised again at several group meetings of the various segments of the staff, first the tellers, then the senior clerks, the junior clerks, typists and stenographers, and even the messengers and guards. Every member of the staff was thoroughly grounded in the new system long before the new machines arrived. All took part in the discussions and everyone was given an opportunity to contribute something to the preparation of the outline for the changes to be made. They all knew the part they were expected to play and were completely "sold" on each step in the procedure.

Training for the System

Finally, when the new machines were delivered, a training period and schedule were set up at each office to give the tellers, clerks, bookkeeping machine operators, and others an opportunity to get accustomed to the new machines.

All these things had to be carefully planned, scheduled and coordinated so that the change in system would be made with a minimum of confusion and disruption in the daily operations. We concluded the explanation of the new system to all persons concerned by stating: "The success of the new system will depend on the people who are going to operate it. Our installation will be closely watched, because we will be the first large savings bank in New York City to make the change. It will be both a challenge and opportunity for us. With abundant cooperation from all our staff, we will meet the challenge and seize the opportunity to improve our service to our depositors."

Others may disagree, but we believe we have done exactly that. In our opinion the dual system is the fastest, most economical and soundest system in use.

For
comfort
courtesy
convenience
in ST. LOUIS ...

HOTEL



8th & St. Charles
DOWNTOWN ST. LOUIS AT YOUR DOORSTEP

Radio in every room at no extra charge
Rooms from \$3.50. Garage Service

Write for handy rate folder CA

10 EXCLUSIVE FEATURES

Sig-Na-Lok

VISIBLE RECORD SYSTEMS



No. 3. GREATER
CARD CAPACITY

WASSELL ORGANIZATION, Inc.
Dept. B • Westport • Conn.

**HEAVY DUTY
CARTRIDGE
WRAPPERS**

- EASIER FILLING
- SAFER HANDLING
- CLEAVER PRINTING

A Complete Line of Money Wrappers

STANDARD PAPER GOODS
MANUFACTURING COMPANY
Write today for free samples WORCESTER 8, MASS.

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CLEVELAND STORAGE CO., INC.
Guardian Building Cleveland 14, Ohio

**Do Your directors
read BANKING?**

News for Country Bankers

(CONTINUED FROM PAGE 52)

Farm Borrowers Like Privacy

Is it a mistake to interview prospective borrowers—especially farmers with mud on their boots—in an atmosphere they might consider “luxurious”?

“Not at all,” asserts John Carlander, president of the State Bank of Faribault at Faribault, Minnesota. “On the contrary, they seem to like it.”

When Mr. Carlander first began consulting with loan applicants, his office was up at the entrance to the bank. He felt it would make him more approachable, since people entering the bank could see him there. He was jolted out of that belief one day, however, when a farmer told him bluntly: “John, I’d like to borrow money from you but I don’t want the tellers or your customers to hear our conversation. When I arrange for a loan, I want it done in complete privacy.”

That wasn’t the only unfavorable reaction to the “up front” location. Other friends told him that when they sat down beside him, their acquaintances would joke with them about the size of the loan and inquire if Mr. Carlander was after them because of tardy payments.

“That convinced me it was time to make a change,” Mr. Carlander explained. “We undertook a complete renovation job down in the basement and arranged it so that some of our work could be done down there. Then I fixed up a room in the back for my own office. We made it dignified—not too ‘swanky’ or ‘plush’—but in keeping with the public’s idea of how a banker’s office should look. The only adverse comment came from a director who felt it was too luxurious for ‘plain dirt farmers.’ However, they’re the ones who seem to like it. They keep on doing business with us.”

A private entrance enables a customer to leave Mr. Carlander’s office without having to pass through the lobby.

Junior Farmers Surpass Elders

ROY JORDAN, a 4-H Club boy of Myrtlewood, Alabama, produced a banner corn crop—104 bushels per acre—in the 1948 “more-corn-per-acre” contest sponsored by the Robertson Banking Company of Demopolis, Alabama,

in cooperation with Marengo County Extension Service and five other banks in the county.

Although conditions were none too favorable, 87 farmers received blue ribbons. Of this number, 57 received certificates of merit for having produced 50 or more bushels per acre. The average yield of all reporting was 45 bushels per acre, which is approximately twice the average yield of the county in 1948.

Adult farmers were outdistanced by the 4-H contestants. The 4-H boys averaged 60 bushels per acre, and the adult farmers 52.

The Robertson Banking Company’s part in this project was sketched for BANKING by President Henry J. Whitfield, who is his county’s key banker.

“In 1947 our bank worked in cooperation with the County Extension Service in promoting corn projects for 4-H Club boys, realizing that our vast growth of cattle producing in the county would not be a stable growth without increased feed production,” said Mr. Whitfield. “We offered cash prizes to the boys who grew the most corn on their 1-acre project. There was considerable interest shown by the boys and also the adults who observed what the boys were doing. At the end of the year we provided a banquet for the boys and their fathers and invited the extension workers and representatives of the other five banks in the county.”

In 1948 the program was expanded to include adults and the other banks came in on a countywide project. Besides the Robertson bank, other banks participating included: The Commercial National Bank of Demopolis, The First National Bank of Linden, Planters Bank & Trust Company, Thomaston, Sweet Water State Bank, Sweet Water, and Watkins Banking Company, Faunsdale.

Banker Heads State Agency

ROY E. YUNG, manager of the farm service department of the Citizens National Bank in Decatur, Illinois, has been appointed director of the Agricultural Department of the State of Illinois.

On his return to civilian status in 1945, after serving with the U. S. Navy for 15 months, Mr. Yung was made manager of the farm properties of the Citizens National Bank, managing approximately 200,000 acres of farm lands and handling farm loans for the bank. He has been active in several business, agricultural and civic organizations, including the Illinois Bankers Ass’n.

Reflecting the Vitality and Teamwork
of a Great Southern Organization . . .

More Than One Hundred Millions Gained During 1948 in Life Insurance in Force

Total Life Insurance in Force \$ 575,752,425

(An increase of \$100,232,136 over 1947)

FINANCIAL STATEMENT for the YEAR ENDED DECEMBER 31, 1948

Assets	PER CENT	AMOUNT
U. S. GOVERNMENT SECURITIES	17.84	\$ 6,966,314.57
STATE, COUNTY AND MUNICIPAL BONDS	14.38	5,615,184.24
RAILROAD BONDS	4.12	1,607,274.20
PUBLIC UTILITY BONDS	14.87	5,806,077.76
INDUSTRIAL AND MISCELLANEOUS BONDS	3.93	1,532,134.04
STOCKS	3.84	1,499,552.00
MORTGAGES (FIRST LIENS)	26.20	10,230,017.16
REAL ESTATE:		
HOME OFFICE	3.62	1,413,798.99
INVESTMENT	2.95	1,153,364.63
CASH (IN BANKS)	5.25	2,049,563.15
INTEREST AND RENTS DUE AND ACCRUED . . . . .	.52	202,397.46
PREMIUMS IN COURSE OF COLLECTION	2.47	963,499.60
MISCELLANEOUS ASSETS . . . . .	.01	4,479.73
<i>Total Admitted Assets</i>	<i>100.00</i>	<i>\$39,043,657.53</i>

Liabilities and Surplus	AMOUNT
POLICY RESERVES	\$23,660,265.00
RESERVE FOR SICKNESS AND ACCIDENT CLAIMS	232,527.23
DEATH CLAIMS DUE AND UNPAID	None
DEATH CLAIMS REPORTED BUT PENDING PROOF	85,766.65
RESERVE FOR UNREPORTED CLAIMS	50,000.00
PREMIUMS AND INTEREST PAID IN ADVANCE	795,621.32
ESTIMATED AMOUNT DUE AND ACCRUED FOR TAXES	546,476.26
RESERVE FOR PENSION PLAN	1,464,761.71
AGENTS' BOND RESERVE AND INTEREST	474,951.25
MISCELLANEOUS LIABILITIES	349,050.13
<i>Total Liabilities Except Capital</i>	<i>\$27,659,419.55</i>

VOLUNTARY CONTINGENCY RESERVE, SURPLUS FUNDS AND CAPITAL FOR FURTHER PROTECTION OF POLICYHOLDERS:	
GENERAL CONTINGENCIES RESERVE	\$ 1,200,000.00
MORBIDITY FLUCTUATION RESERVE	500,000.00
UNASSIGNED SURPLUS FUNDS	3,684,237.98
CAPITAL STOCK	6,000,000.00
<i>Capital and Surplus</i>	<i>\$11,384,237.98</i>
<i>Total</i>	<i>\$39,043,657.53</i>

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World Business

(CONTINUED FROM PAGE 48)

holds, is devaluation of European currencies; that is, an alteration in the terms of trade which will entail a lowering of the standard of living in Europe.

Former A.B.A. President Joseph M. Dodge has an assignment in Japan to advise on financial problems. Getting Japan—or Germany—off the American dole is much harder than most people think. It is not just a question of organization or of restoring production. The dollar shortage of our former enemies will persist unless and until they have the opportunity to earn their way by selling in foreign markets, including this one. The barriers thrown in the path of Japanese goods in the 1930s, here and in many other countries, were one of the major causes of Pearl Harbor. What we are up against in trying to make Japan and Germany again self-sustaining is illustrated by the recent protest of the Dominions Section of the Manchester (England) Chamber of Commerce, warning against the revival of the prewar "menace" of Japanese textiles. "Before the war," the statement reads, "Lancashire faced a very serious menace in the form of competition from Japan in low-priced goods." And Lancashire wants no repetition of that "unfortunate prewar experience." Nor, for that matter, does American industry and labor. That's the irony of it. For we are now spending every year, not only in Japan and Germany but almost everywhere in the non-Communist world, thousands of millions of dollars to put our international trade competitors in a better position to compete with us. President Truman's now famous Point IV is just another step in the same direction.

The British *Export Gazette*, reviewing 1947 and 1948 data, discloses that, while United States sales to Latin America have been declining, Britain's exports to that area have been increasing. Britain's overseas deficit is dwindling, Sir Stafford Cripps reports, and the country is running a trade surplus with the other OEEC countries and the rest of the sterling area. A few days before President Truman's challenging inauguration address, Sir Stafford told a press conference: "There is still a long way to go in developing world resources before we can be satisfied that all the peoples of the world have enough to support life on a decent scale."

in the Federal Reserve Bank of New York revolving funds against which beneficiary countries may draw sight drafts on ECA. Only France thus far has requested the new facilities.

Currencies and Gold

The ECA has a tabulation of letters of commitment it has issued to banks from the beginning of the program to December 30, 1948. Of the total of \$1,068,100,000, banks in New York accounted for \$988,400,000. The New York banks on the list total 21. The remaining 11 banks are in Boston, San Francisco, Chicago, Cleveland, Detroit, Philadelphia, and Providence. Outside of New York, the great bulk of letters of commitment went to the Bank of America, San Francisco, which received \$74-million. The First National Bank of Boston accounted for \$2.9-million.

In New York the list shows the following:

Chase National Bank.....	\$185,100,000
Bankers Trust Company..	150,900,000
J. P. Morgan and Company	104,300,000
Irving Trust Company....	97,600,000
French American Bank Corporation.....	93,000,000
Manufacturers Trust Company.....	84,200,000
National City Bank.....	84,100,000

ECA's January 26 announcement that Marshall Plan countries would henceforth be able to pay U.S. dollars directly to American suppliers, thus avoiding the "payment of interest charges and fees involved in letter-of-credit financing, particularly where transactions are small and the letter-of-credit procedure is impracticable," came as a surprise to most bankers and businessmen concerned. Actually, there is no cause for alarm. Under the system newly announced, ECA offers to set up

There are at this writing stirrings in the international monetary field. Pending devaluations of one or two European currencies are being whispered. In private conversation officials are more outspoken on the need for widespread devaluations in foreign countries. It is being said that the World Fund is going to have to backtrack—to recognize that it made a big mistake in accepting so many initial par values without amendment. Within the Fund, periodic tables are circulated giving purchasing power parities of member currencies, but persons in a position to know say that the Fund is just whistling in the dark, seeking to justify an unjustifiable course it has taken. The Fund statistics referred to measure currencies in terms of official price and wage indexes. Naturally they do not—cannot—make proper allowance for black market activity.

At Bretton Woods the Fund was offered as an institution to prevent the interwar type of currency devaluation. In practice, under the Fund member countries cannot be persuaded to devalue. They fear, it is said, that their people would regard devaluation as inflationary. Mere devaluation, of course, is not enough. But neither is mere nondevaluation.

More goes on behind the scenes than meets the eye, perhaps. But all the public has to go by is what is accomplished. That is not much. The Fund seems to regard it as an achievement if a member country advises it 24 hours beforehand that it is going to take this or that step. This gives the Fund time to "consent."

Meanwhile the Fund is under pressure from those seeking a higher price of gold. Some think a universal, if not uniform, increase in the price before many years will save some faces.

South Africa's decision to sell 100,000 ounces of gold through a London broker at a premium of some \$6.50 an ounce above the official price appears to have taken the World Fund by surprise. The official price of gold reflects, of course, the par value for the South African pound to which the Fund agreed at the outset.

It is made perfectly clear in the Fund's press release of February 10 that

the Fund was not informed in advance of the sale arranged by South Africa. For several days after the press reported the South African announcement, Fund spokesmen informed the public that, while the Fund did not like South Africa's action, there was nothing it could do about it. These Fund statements were reflected in newspaper headlines to the effect that the Fund "sanctioned" the South African sale. In an effort to retrieve some of the prestige

lost thereby, the Fund subsequently decided to adopt a sterner attitude.

E. C. Acheson on China

With his brother only a few days installed as Secretary of State, Professor Edward C. Acheson attracted considerable notice with his comments in Washington to the effect that the United States must write off as a total loss its huge expenditures in communist Greece and China.

The George Washington University Professor observes: "The Chinese people are 95 percent agricultural and 90 percent illiterate. Even the Kuomintang, which has been running China for years, has failed to make any inroads against this situation. I do not think that the Chinese communists are Moscow communists. Even if they were, they would still have their hands full administering the vast territories they have overrun."

Changes in Banking Committees' Memberships

WHENEVER an election such as last November's occurs, the composition of committees changes radically. The Senate Banking Committee lost the Wilmington, Delaware, banker, C. Douglass Buck, who might have been the committee chairman had the election gone Republican.

Two new Democrats were added to the Senate committee, Senators J. Allen Frear, Jr., of Delaware, and Paul H. Douglas of Illinois. Holdover Democrats are Burnet R. Maybank of South Carolina, the new chairman, and Robert F. Wagner of New York, Glen H. Taylor of Idaho, J. W. Fulbright of Arkansas, A. Willis Robertson of Virginia, and John Sparkman of Alabama.

Senator Maybank is a former mayor of Charleston, governor of South Carolina, and a cotton exporter. Robert F. Wagner, too ill for some time to take an active part in Senate affairs, is the author of the Wagner Labor Relations Act and other social legislation of the Roosevelt era.

Glen H. Taylor is best known as the Progressive Party vice-presidential candidate of the last election, running with Henry A. Wallace. He once owned, managed, and acted in a stock company, and was a sheet metal worker in a West Coast defense plant before he came to the Senate in 1944.

J. W. Fulbright of Arkansas, as a member of the House in 1943, authored the 53-word, one-sentence "Fulbright resolution," which was the first declaration of Congress on behalf of a world system to keep the peace, leading to the United Nations. He also taught law at one time and was an attorney for the antitrust division of the Justice Department. He won his master's degree at Oxford as a Rhodes scholar.

A lawyer and commonwealth attorney before coming to the House in 1932, Senator Robertson became a student of taxation and headed a special House committee on wildlife preservation. He succeeded the late Senator Glass.

Senator John Sparkman's forte as a member of the House was a talent for leadership, and he became Democratic Whip before coming to the Senate a couple of years ago. He is rated as one of the ablest exponents of the Truman program but without sufficient seniority to have a formal post in the Senate Democratic leadership.

Senator Frear never held public office before coming to the Senate this year, after defeating Senator Buck last November. He has operated three farms and a dairy, and managed a coal distribution business.

One of the most outstanding New Dealers is the new Democratic Senator from Illinois, Paul H. Douglas. He

has written more reports on social problems in a private, official, or semi-official capacity than probably any other member of the Senate. He is a trained economist who early developed a penchant for sociological problems.

All of the Republican Senators on the Banking Committee hold over from the 80th or previous Congresses. Heading them is the former Banking Committee chairman, Charles W. Tobey of New Hampshire, who had a brief business and banking experience, and has been in state affairs or on the national scene for most of his life. He was once governor of New Hampshire, was first elected to the House in the 73rd Congress, and came to the Senate in 1938.

The Senate committee's one two-fisted business man is Senator Homer Capehart of Indiana, who founded the Capehart Corporation, radio manufacturing company, turned a piano company which he purchased into a phonograph manufacturing concern, and is currently building up a commercial ice machine manufacturing company.

Ralph E. Flanders was for nearly two years president of the Federal Reserve Bank of Boston. He was elected to the Senate in 1946. He began his working life as an apprentice machinist and was one of the foremost authorities on machine tool design.

One of the bank-trained Senators on the Banking committee is Senator Harry P. Cain of Washington, for 10 years with the Tacoma branch of the Bank of California. He is a former mayor of Tacoma.

Twice attorney general of Ohio and three times governor of his state, Senator John W. Bricker practiced law for many years. He ran unsuccessfully as candidate for vice-president of the U. S. in 1944.

In the House

Eight new members were added to the House Banking Committee, because of unusually heavy GOP losses and one or two Democratic losses of committee membership in the last election.

The new Democratic members are Representatives Charles B. Deane of North Carolina, tax lawyer and insurance man; George D. O'Brien, Detroit lawyer and former Congressman for eight years of non-consecutive service; Mrs. Chase Going Woodhouse of Connecticut, Canadian-born, Canadian educated economics professor and former director of women's activities for the Democratic National Committee; Clinton D. McKinnon of San Diego,

(CONTINUED ON NEXT PAGE)

(CONTINUED FROM PAGE 121)

Cal., daily newspaper publisher, radio station founder; Hugh J. Addonizio, manager of a clothing manufacturing company in Newark, N. J.; Isidore Dollinger of the Bronx, lawyer and New York state legislator; Hugh B. Mitchell of Seattle, former U. S. Senator and Congressional secretary; and Barratt O'Hara of Chicago, criminal lawyer, radio commentator, and champion of social causes.

Eight of the Democratic members of the House Banking Committee hold over from the last or preceding Congresses. They are Representatives Brent Spence of Kentucky, chairman, a lawyer; Paul Brown of Georgia, lawyer, legislator, and once county attorney; Wright Patman of Texarkana, Texas, lawyer, judge, state legislator, and in Congress long a vocal champion of "small business"; A. S. Mike Monroney of Tulsa, Oklahoma, former newspaper political writer, co-author of the Legislative Reorganization Act of 1946 and one of the "comers" among young Democrats.

Other Democratic holdovers are Representative Brooks Hays of Arkansas, lawyer, long time Democratic politician, and former attorney for the U. S. Resettlement Administration; Albert Rains of Alabama, lawyer and state legislator; Frank Buchanan of McKeesport, Pennsylvania, former automobile dealer, school teacher, business consultant, and mayor; Abraham J. Multer of Brooklyn, for 25 years a practicing lawyer.

All of the 11 members of the Republican party on the House Banking Committee retain their seats from the 80th and previous Congresses. Rep. Jesse P. Wolcott of Port Huron, Michigan, was a lawyer, judge, and prosecutor, and has been in the House since 1930.

Rep. Ralph A. Gamble was a lawyer and lived in Larchmont, New York city suburb. Rep. Frederick C. Smith of Ohio is a physician and a champion of hard money. John C. Kunkel of Pennsylvania was a director of one bank, chairman of the board of another, a lawyer, and farmer before coming to Congress. Rep. Henry O. Talle of Iowa was an educator for all his adult life, previous to coming to Washington. From 1906 to 1944 Rep. Rolla C. McMillen of Decatur, Illinois, practiced law. Rep. Clarence E. Kilburn was president of a bank in Malone, N. Y., before his election. A lawyer, Rep. Albert Cole of Kansas, was also at one time a county attorney, member of the state legislature and, later, of the Kansas Legislative Council.

Rep. Merlin Hull of Wisconsin with 16 years' service was a small community newspaper publisher, state legislator, and once secretary of the state of Wisconsin. At one time Rep. Hardie Scott was special counsel to the secretary of banking of Pennsylvania, and has practiced law most of his life in Philadelphia. After spending most of his adult life in public office in Massachusetts, Rep. Donald W. Nicholson came to Congress two years ago.

Washington

(CONTINUED FROM PAGE 43)

strictly banking matters. A consensus was not available on any of these subjects.

Loans for Housing

At the time Mr. Woollen was discussing the problems arising out of higher reserve requirements, the Administration was drafting the so-called "median income housing bill." This has since been made public.

Under this bill Federal Housing Administration's Title I, commonly known as the "modernization and repair" title, would be made permanent. This title provides for insurance of 10 percent of a bank's total line of Title I loans, including loans for the construction of homes where the loan does not exceed \$4,500.

The bill also increases the value of a loan for which a 95 percent mortgage can be insured under Title II, and carries a new feature authorizing the FHA Commissioner to defer for three years the monthly payments for Sec. 211 mortgages.

The "secondary market," which exists when the Federal National Mortgage Association of the Reconstruction Finance Corporation purchases mortgages from a lending institution, would be greatly broadened.

Insured loans to housing cooperatives would be further liberalized, and the bill would even authorize "Fanny May," the RFC subsidiary, to make direct loans to housing cooperatives.

Finally, Sec. 608 of Title VI, the war and postwar liberal basis for making loans on rental projects, would be extended for another year beyond this March 31. Originally officials had planned to let Title VI lapse, but changed their minds.

Should Congress adopt this program substantially, it would serve notice that it expected the nation's lending institutions to open up liberally on mortgage loans for building of homes.

Furthermore, this notice on banks that they were expected to lend would occur at the same time the banks were served with the warning that they should be cautious about lending generally, so as to avoid inflation.

Finally, the Federal Reserve Board has given pronounced indications of its belief that home mortgage lending at present values is inflationary. Federal Reserve examiners presumably would reflect that view in bank examinations.

Lurking in the background is this factor, known to most Washington observers: The Administration is so anxious to secure the continuation of a large volume of building activity, that it has been toying behind semi-closed doors with the idea of backing a program of direct Government home lending, in case the private banking system listens to what the other side of the Government says about fighting inflation and cooperates to hold down loans.

Implicit in the housing bill presentations of officials was their fear that home building activity would slide off. Officials feared that last November's estimate of 875,000 units of home construction started in 1949 would not prove up.

Continuation of authority empowering the Reserve Board to regulate instalment credit will have tough going and, if approved, will squeak by narrowly, barring a further sharp inflationary movement.

Tax legislation will not begin to get consideration until spring. A bill increasing taxes has an extremely doubtful chance this year, and a straight increase in corporation taxes rather than any other tax changes is the likely method to be selected if there are to be any additional taxes. On the other hand, tax relief is out of the question in 1949.

Government Reorganization Planning

GOVERNMENT reorganization, talk of reorganization, proposals along that line from Congress, the White House, and from the Hoover Commission, will be discussed and considered for months to come. The subject may from time to time be in the forefront of the news during the entire Truman Administration.

The importance of this development to banking and business may prove very great, because it would give the President power to work vital changes in the present Federal bank supervisory agencies. It might conceivably result in merging all Federal supervision under one authority, and this would be done by presidential order.

Vigorous opposition to the idea of consolidation of the Federal central banking, insurance, and Federal supervisory agencies was registered in testimony given before the Senate Executive Expenditures Committee by F. Raymond Peterson, vice-president of the American Bankers Association. Mr. Peterson, who is chairman of the board of the First National Bank and Trust Co., Paterson, New Jersey, appeared as A.B.A. spokesman in regard to S.526, which would permit the consolidation of Government agencies by the President.

Mr. Peterson emphasized the importance of maintaining the independent status of the Federal Reserve System, the Federal Deposit Insurance Corporation and the office of the Comptroller of the Currency, and the necessity of preserving the dual banking system.

"The preservation of a separate and independent status for each of these three agencies is essential, we believe, to the preservation of the dual banking system," he said. "They provide necessary checks and balances for the sound operation of the banking system. The absorption of one of these agencies by another or the transfer of part or all of the functions of one of these agencies to another would tend to disregard these checks and balances so necessary and essential."

He pointed out that none of the three banking agencies is the source of any expense to the taxpayers and that no money would be saved to the public by their consolidation. "No appropriation by Congress has ever been made for the Federal Deposit Insurance Corporation, which now has more than \$1 billion as capital funds," he said. "The only income the corporation has is from its securities, plus the assessment levied on all insured banks. No appropriation by Congress has ever been made for this agency, since the income from securities and the assessment on the banks have been more than adequate for its operations and to build up a sizable capital fund account."

Turning to the office of the Comptroller of the Currency, Mr. Peterson stated that "Congress is not obligated to make any appropriation for the maintenance of this office, since funds for its operation are derived from examination fees paid by the banks examined.

The Murray-Patman bill empowering the RFC to capitalize industry with Government money, so as to increase industrial capacity to produce scarce materials, will not pass and will get scant consideration, if any.

Standby price controls are considered doubtful for 1949, although standby materials allocation controls have a better chance.

This office imposes no financial tax burden."

As for the Federal Reserve System, he stated that "at no time has the Government ever placed a dollar in the Federal Reserve System. All of the capital stock is owned by the member banks."

Mr. Peterson urged similar treatment for all of these three agencies. "If any one is to be exempted under S.526, then the other two agencies should also be exempted," he said. "Also, if any one of these three agencies is singled out for special treatment, as has been done in the case of the Board of Governors of the Federal Reserve System in section 5(b) of another bill, H.R.2361, the same treatment should be accorded to the Federal Deposit Insurance Corporation and the office of the Comptroller of the Currency.

"If a consolidation of these agencies would effect economies, which is doubtful," Mr. Peterson concluded, "such economies would not be a benefit to taxpayers generally, since the operating expenses of these agencies are borne entirely by the banks under their supervision. In view of this, there does not appear to be the same compelling motive for a reorganization of these agencies as may exist in the case of other Government agencies which derive their funds from the general revenues of the Government. We therefore urge most strongly that these three banking supervisory agencies receive equal treatment under any reorganization bill that may be enacted."

Chairman Maple T. Harl of the Federal Deposit Insurance Corporation, testifying before the same committee, indicated his opposition to "single package exemptions" in proposed reorganization plans. He said that if any exemptions are granted, however, "all three agencies should be looked at simultaneously."

"We believe in the dual system of banks," said Mr. Harl. "To centralize the Federal supervision of banks would eliminate the dual system and the state bank supervisors in 48 states. It would eventually vest in a group of five or six men the entire credit facilities of the nation."

The National Association of Supervisors of State Banks, in a letter to the Senate committee, also called attention to dangers inherent in merging supervisory agencies. Richard Rapport, Connecticut state bank supervisor, and chairman of the executive committee of the supervisors' organization, signed the letter, which said: "The present division of examining and supervisory functions among the three Federal agencies, together with the dual banking system, are a reflection of our American system of checks and balances. Any weakening of that system, any concentration of those separate powers, would tend toward the aggrandizement of the Federal agency receiving additional powers at the inevitable expense of the right of the several states to charter and supervise banking."

The farm commodity break of last month lessened the chances of moderating substantially the Government commitment to peg farm prices, in the pending revision of the farm support law.

Banks obviously may see no relief ahead for the low interest rate pattern dictated by Administration policy, although they may be able to replace their maturing Govern-



WIDE WORLD

Former President Herbert Hoover, chairman of the commission which has surveyed ways to eliminate red tape and overlapping in the Government, discussing reorganization with Senator John L.

McClellan, chairman of the Senate Expenditures Committee

ment long-terms this year with securities of comparable yield.

As usual, banks will assist the Treasury in the newest Savings Bond drive, to start with a dinner in Washington presided over by President Truman and dinners sponsored by each state governor on April 19. The campaign will run from May 16 to June 30.

There will be a great deal of discussion of legislation affecting the supervision of the Farm Credit Administration, but prospects are uncertain as yet. A drive by farm groups to liberalize the revolving fund of the Production Credit Corporations (which feed production credit associations) may be offset by a committee drive to tighten up on the subsidy to these agencies.

New Budget Concept

President Truman, in presenting his proposed budget for fiscal 1950, adopted a new concept which is responsible for considerable confusion.

Mr. Truman now uses a new figure which he calls "new obligational authority." This is a compound of new appro-

priations plus new contract authority, such as authority to contract for the purchase of airplanes or ships.

This "new obligation authority" omits any figures for appropriations to take care of projects for which contractual authority (as distinguished from appropriations) was voted by Congress in previous years. Hence it is an uncertain element in the budget picture.

In the past, Congress has traditionally lumped together new appropriations plus appropriations to liquidate previous contract authorizations.

Thus it develops that the President, in "limiting" national defense expenditures to \$15-billion, as discussed so widely in the daily press, was talking about "new obligational authority." He was not talking about either appropriations or expenditures.

Actually the budget provides \$15.9-billion of obligational authority for the national defense program and not \$15-billion. In the same budget the President recommended appropriations, including those to liquidate previous contract authorizations, of \$15.3-billion for defense, but he estimated expenditures at only \$14.3-billion.

There are such patent gaps in these figures as to raise the question just where, between \$14.3 billion and \$15.9 billion, national defense expenditures are actually and officially estimated.

This new accounting method, however, is only the lesser element of confusion in the budget outlook. Practically all the main outlines of the Federal budget will be the subject of controversy until well along in the session.

Congress' confusion over the budget outlook, particularly over the prospects for major legislation, was reflected in the decision to postpone framing the so-called legislative budget until May 1.

The legislative budget is a theoretical reform incorporated in the Legislative Reorganization Act of 1946. Congress was "required" to estimate total revenues and expenditures by February 15, and resolve to adopt these totals in a legislative budget. The theory of this proposition was that it would cause Congress to become budget-minded. This has not worked out in fact, since there are so many other elements lacking in true budget control in the U. S. system of government.

Notwithstanding the fact that the majority of Congress believes that the legislative budget idea is an impracticality, for three years they have gone through the motions of complying with the law.

According to Three Banks' Annual Reports

"We make no pretension of being able to divine the future, but at this stage we deem it the duty of prudent management to avoid over-extension, and, whenever possible, to reduce rather than increase indebtedness. . . . However, we do not favor a degree of contraction that will stifle enterprise and bring about a reduced standard of living."—WALTER R. BIMSON, president, Valley National Bank of Phoenix, Ariz. (In annual report to stockholders.)

"It would seem that at present we are on top of an economic plateau, although, in my judgment, once the attitude of the Congress upon legislative proposals becomes clarified, and business is in a position to know the rules under which it will have to operate, we then can go forward on a sustained level of business activity for quite a period of time."—ROBERT V. FLEMING, president, Riggs National Bank of Washington, D. C. (In annual report to stockholders.)

"We believe there may be a modest decline in the cost of new construction in 1949. Although we do not expect any reduction in labor costs and only a nominal reduction in material costs, there is a definite prospect of a more substantial reduction as a result of more efficient building techniques and improved functional design."—BARNARD TOWNSEND, president, Title Guarantee & Trust Co., New York. (In the institution's annual report to stockholders.)

Toledo Bank Manages City's Investments

It isn't very often that a city hires a bank to manage its investments. But that's what has just happened in Toledo, Ohio. The city stands to profit by about \$575,136; and the bank will get approximately \$1,000 a year as a fee for investing city funds which are earmarked for debt retirement.

In 1945, the people of Toledo voted to tax their wages and salaries—as well as the incomes of corporations and partnerships—for a period of five years. The principal purpose was threefold: (1) to retire the city's inside (council-voted) debt; (2) to provide for certain capital replacements and additions; and (3) to supply funds for other specified expenditures.

Because of increased employment and earnings, the amount of tax collected was greatly in excess of expectations, with a resulting unused surplus.

An attempt was made to reconsider the original plan, and to that end a new ordinance was submitted to the voters last fall, under which the city council would be authorized to use the excess funds for additional capital expenditures and operating expenses. The proposal was defeated. This meant that the surplus funds already collected—and those to be collected during 1949 and 1950—could be used only for retirement of debt. Since the outstanding bonds were not callable before maturity, it was determined to put these funds to work.

Durwood DuBois, vice-president of the bank, studied the problem for several weeks and then presented a plan to the city council. The plan provides: (1) complete coverage of all inside (council-voted) and outside (people-voted) debt requirements, both principal and interest, so that the city will be "debt free" by the end of the present income ordinance on January 1, 1951; (2) earnings estimated at \$575,136 from the investment of tax surplus over the life of the currently outstanding indebtedness; (3) early establishment of adequate reserves so that surpluses may be used for any lawful purpose (under the proposal, the surplus will be approximately \$3½ million by April 1, 1951); and (4) continuing supervision and investment of funds to obtain the highest possible

earnings consistent with the obligations to be met.

Mr. DuBois pointed out that the plan required an investment consultant because the task of relating investments to debt service would require constant supervision and frequent reinvestment of funds. Control of all funds and earnings remains in the city's hands, the money being turned over to the sinking fund as required for payment of debt maturities.

\$14.7-Million Involved

The city's outstanding general obligation inside and outside debt due 1949 through 1976 is \$11,197,000. This, together with the estimated surplus of \$3½-million previously mentioned, means that the fund to be supervised

will involve an over-all total of approximately \$14.7-million.

The city council approved the plan and authorized the city to retain expert consultant services. On December 30, 1948, the city manager entered into a contract with The Ohio Citizens Trust Company to provide such services. The contract provides for a fee equal to five percent of the income earned during the life of the investments. This would allow the bank a fee of approximately \$1,000 a year, which was considered to be much less than it would cost the city to employ extra personnel necessary to handle all the investment details.

Mr. DuBois, author of the plan, spent 20 years in investment banking before joining The Ohio Citizens Trust Company in April 1948.

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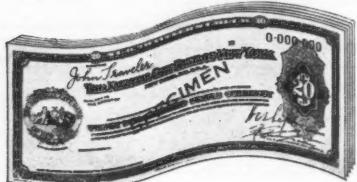
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Business Aids

EACH month this column will list recent acquisitions of manufacturers' literature which will supplement the

material indexed in 1947 by the A.B.A. Small Business Credit Commission.



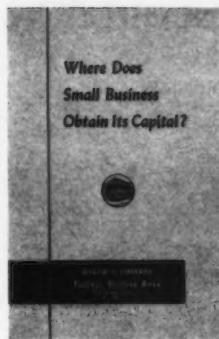
CLEAR SPAN TECO TRUSSED RAFTERS IN MODERN HOME PLANNING—A very instructive 8-page booklet prepared primarily for architects, designers, contractors, builders and financial institutions. It explains the several advantages and savings resulting from the use of roof trusses. Write to the *Timber Engineering Company, 1319-18th Street, N.W., Washington 6, D.C.*



THE PRIVATE LIFE OF YOUR HOME—A 20-page booklet, well illustrated in color, explaining many important advantages of adequate wiring for efficiency and comfort in modern electrical living. Write to *National Adequate Wiring Bureau, 155 East 44th Street, New York 17, New York.*



BENNETT FIREPLACES—an 8-page illustrated booklet showing many forms of fireplace design from the standpoint of both beauty and heating efficiency—together with construction details. Write *Bennett-Ireland, Inc., Norwich, New York.*



"WHERE DOES SMALL BUSINESS OBTAIN ITS CAPITAL?" is a booklet of 18 pages which presents an interesting study prepared by Dr. Oscar Litterer, Industrial Economist of the Federal Reserve Bank of Minneapolis. It considers the problems faced in launching or expanding small businesses, emphasizing the problem of equity capital. Write to *Federal Reserve Bank, Minneapolis, Minn.*



"YOUR HOME TOWN'S FUTURE"—also **"SUBDIVISION CONTROL—A STEP TOWARD BETTER COMMUNITIES"**. The first is a 32-page guide for appraisal of industrial resources and planning overall community development; the other is a booklet of 35 pages on designing of subdivisions with preferred characteristics and giving model ordinances. These and many other publications of the New York State Department of Commerce are useful in small business and community development. A few of these are:

- “Picking a Location for a Small Business” — 13 pages.
- “Regulations Affecting Small Business” — 39 pages.
- “Record Keeping for a Small Business” — 22 pages.
- “Purchasing and Inventory Control for a Small Business” — 19 pages.
- “Advertising for the Small Business” — 15 pages.
- “Use and Control of Credit in a Small Business” — 25 pages.
- “Insurance for a Small Business” — 16 pages.
- “A Business of Her Own” — 8 pages.
- “A Guide to State Services” — 151 pages.
- “Trademarks of Progress in New York State” — 28 pages.
- “Industrial Directory of New York State” lists approximately 36,000 manufacturing establishments with address, employment and officers. (Revised 1949 edition ready soon). Price \$12.50. Write to *New York State Department of Commerce, Albany, New York.*

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EDITORIAL

THE CONDITION OF BUSINESS

By WILLIAM R. KUHNS

Domestic. The business outlook and the national legislative outlook are two sides of the same coin today. At the risk of putting the matter too simply, business is watching to see what happens in the capital and Washington is certainly watching to see what happens to business.

This is a situation made to order for those estimable members of all boards of directors who habitually reckon as how it's "not just the best time" to spend a lot of money.

So time is an important element in the picture and the sooner business has some dependable clues as to what will be done about taxes, wages, and controls of various kinds, the better off everybody will be.

Tomorrow's Troubles

If trouble comes later this year and next, it will be the result of mistakes being made right now. One of the biggest mistakes we could make is to underestimate this feeling of waitfulness that one finds in quarters responsible for deciding how much to spend for new plants and equipment. Fully two-thirds of the requirements of American industry for plant, replacement and equipment were met out of earnings in 1948, according to a survey just made by the Machinery and Allied Products Institute. No special clairvoyance is necessary to see how higher corporation taxes would affect this item which is the very heart of the business future.

How and When to Reverse

For some time, thinking in business as well as government circles has been based on the fear of inflation. The pattern has been like this: Don't spend for unnecessary plant, materials or equipment. Keep inventories low. Avoid speculative loans. Regulate consumer credit, tighten the terms on mortgage loans, squeeze bank reserves, pay down the public debt, tighten interest rates and keep taxes high.

The question now is whether we are entering a deflationary period and if so does it call for a reversal of any or all of these policies? Merely asking it starts a chain reaction of other questions and a cacophony of answers.

Even among those in the best vantage points for accurate observation there is the widest possible disagreement as to whether we are right now in danger of inflation or deflation. There is no agreement as to what course should be followed.

It is basic to the whole idea of a partly planned economy such as we have here that policies are guided by whatever is necessary at a particular time. The question of *what* to do is simple compared to *when* to do it.

It is like trying to read one of those barometers with two sets of forecasts, one for when the needle is moving left, the other for when it is moving right. Obviously the first thing to know is which way it is moving and it moves so imperceptibly that on this vital point one can only guess.

Not the least of the factors contributing to the uncertainty of business about spending for expansion is the Federal Trade Commission ruling which conceivably outlaws basing point pricing on all products. The Supreme Court upheld the ruling in April 1948 in the case of the Commission versus the Cement Institute but the result is to leave business completely in the air as to pricing policies or expansion programs. The February issue of the *Index of the New York Trust Company* contains a factual study of this problem under two headings: (I) Decisions and Rulings, and (II) How Industries Are Affected.

Foreign

The foreign outlook might be epitomized in the words of the popular song—Far away places, with the strange sounding names, are calling, calling . . .

The President's Bold New Program for foreign aid is regarded by some as a possible successor to ERP in the long procession of methods we have devised for paying ourselves for our exports.

In describing the BNP he said that if the standard of living in Asia could be raised 2 percent it would create a demand for our exports which could not be satisfied for 100 years. This bears an interesting resemblance to that bit of economic blarney which used to regale British Asiatic traders in the days of auld lang syne, namely, that if two inches could be added to the shirtpuff of every inhabitant of Asia the mills of Lancashire would hum indefinitely.

With the prospect that Russia will have her hands full assimilating North China and other recent conquests, there is some tendency to ask what would happen to business if peace broke out. A relaxation of the cold war would mean a cutting down of our defense expenditures. For 10 years our economy has been geared to the needs of defense or war so that any change in this pattern would have important results. Russia, of course, cannot afford much peace because this would mean opening the frontiers for normal business and travel.

Selling U. S.

A campaign just getting under way by the Pan American Broadcasting Company to sell America abroad through advertising brings to mind that we should not feel too sure about any success we have had thus far overseas in combatting Communism.

With all our advertising, merchandising, and public relations skill, and the expenditure of billions, we have not succeeded very well in making friends abroad and influencing people, considering the fact that all we want to do is sell the simple truth about our way of life.

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